

AUDIT COMMITTEE

Tuesday 12 September 2006

Session 2

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CONTENTS

Tuesday 12 September 2006

	Col.
INTERESTS	1711
ITEMS IN PRIVATE	1711
“THE 2005/06 AUDIT OF SCOTTISH ENTERPRISE”	1712
“THE 2004/05 AUDIT OF INVERNESS COLLEGE”	1717
TEACHING PROFESSION	1719

AUDIT COMMITTEE

12th Meeting 2006, Session 2

CONVENER

*Mr Brian Monteith (Mid Scotland and Fife) (Ind)

DEPUTY CONVENER

*Mr Andrew Welsh (Angus) (SNP)

COMMITTEE MEMBERS

*Susan Deacon (Edinburgh East and Musselburgh) (Lab)

*Robin Harper (Lothians) (Green)

*Margaret Jamieson (Kilmarnock and Loudoun) (Lab)

*Mrs Mary Mulligan (Linlithgow) (Lab)

*Margaret Smith (Edinburgh West) (LD)

COMMITTEE SUBSTITUTES

Chris Ballance (South of Scotland) (Green)

Mr David Davidson (North East Scotland) (Con)

Marlyn Glen (North East Scotland) (Lab)

Mr John Swinney (North Tayside) (SNP)

*attended

THE FOLLOWING ALSO ATTENDED:

Mr Robert Black (Auditor General for Scotland)

THE FOLLOWING GAVE EVIDENCE:

Dougie Atkinson (Scottish Executive Education Department)

Mike Ewart (Scottish Executive Education Department)

Donald Henderson (Scottish Executive Education Department)

CLERK TO THE COMMITTEE

Shelagh McKinlay

SENIOR ASSISTANT CLERK

Joanna Hardy

ASSISTANT CLERK

Clare O'Neill

LOCATION

Committee Room 2

Scottish Parliament

Audit Committee

Tuesday 12 September 2006

[THE CONVENER *opened the meeting at 09.46*]

Interests

The Convener (Mr Brian Monteith): Good morning and welcome to the 12th meeting in 2006 of the Audit Committee. I am pleased to welcome the Auditor General for Scotland, his team from Audit Scotland, members of the public—who are either here or are watching or listening—and my colleagues on the committee.

Item 1 is a declaration of interests from Robin Harper, who is rejoining the committee.

Robin Harper (Lothians) (Green): I refer members to my recorded declaration of interests. For the ensuing meeting, I particularly draw to their attention the fact that I am still a member of the Educational Institute of Scotland.

The Convener: I thank you and welcome you back to the committee. I remind members that mobile phones and pagers should be turned off.

Items in Private

09:47

The Convener: Item 2 is to seek members' agreement to discuss items 6, 7 and 8 in private. Do members agree to do that?

Members *indicated agreement.*

“The 2005/06 Audit of Scottish Enterprise”

09:48

The Convener: Item 3 is a briefing from the Auditor General for Scotland on a section 22 report on Scottish Enterprise.

Mr Robert Black (Auditor General for Scotland): I have prepared this section 22 report to draw to Parliament's attention the financial position of Scottish Enterprise as it is described in the audited accounts for 2005-06. The auditor has not qualified the opinion in the accounts. Scottish Enterprise ended the year to 31 March 2006 with an overspend of £33 million, against an overall resource budget of £454 million. That overspend consists of an excess of £6 million for cash costs against a budget of £444.4 million, and £27 million for non-cash costs, against a budget of £9.6 million.

A number of factors contributed to the in-year overspend. The first was a failure to address an historic shortfall in the non-cash budget. Scottish Enterprise received a budget of £9.6 million in 2005-06 for non-cash costs to cover depreciation, asset impairments, capital charges and provisions. It overspent that budget by £27 million.

A second factor was the complexity of the application of resource accounting and budgeting to the organisation's key activities of economic growth and investment. Linked to that problem is the fact that there was not an adequate training programme for managers to help them understand the possible effects on the budget of major investment decisions under resource accounting and budgeting.

A third factor was the introduction during 2005-06 by Scottish Enterprise of a new planning and resource allocation model to replace the previous budgetary control framework. The main feature of the new model was that local enterprise companies and business units were no longer given annual budgets, but were encouraged to deliver more projects within a framework of quarterly forecasting. The new resource allocation model was, however, introduced without sufficient controls being in place to support it and there was a lack of clear responsibility and accountability for its operation.

Finally, Scottish Enterprise did not act quickly enough during the financial year in response to the early financial forecasts, which projected an overspend.

As I am sure members know, the minister has already taken action in relation to those problems. As part of that action, he commissioned an

independent report. Members will also be aware that the Enterprise and Culture Committee undertook an inquiry into the matter and reported in June on the management of budgets at Scottish Enterprise. As a result of the evidence that the Enterprise and Culture Committee took, the Deputy First Minister made a statement to Parliament on 30 March 2006 in which he confirmed that Scottish Enterprise could draw £30 million of its 2006-07 budget to cover the 2005-06 overspend. Scottish ministers have now set a resource budget for Scottish Enterprise of £467 million for 2006-07. The budget consists of £412 million for cash costs, £35 million for non-cash costs, and £20 million from reserves that have been carried forward from previous years. The £35 million budget for non-cash costs is a significant increase on previous years.

Scottish Enterprise has prepared an action plan that summarises the recommendations from each of the recent investigations and describes the action that it is taking in response to those recommendations. The latest Scottish Enterprise operating plan takes account of the reduced resources that will be available in 2006-07, which is a result of Scottish Enterprise having used some of its resources to fund the 2005-06 overspend. The operating plan budgets for expenditure of £550 million in 2006-07. Legal commitments of approximately £4.6 million are not included. The operating plan also estimates total income as £550 million, including business income and European income. Scottish Enterprise is monitoring its financial position closely and intends to manage it during the year by rephasing projects. It will not enter any new commitments in 2006-07. However, there remains a risk that it will not achieve its resource accounting and budgeting target for 2006-07.

Audit Scotland is in the final stages of preparing its annual report on the audit for 2005-06. When the report is complete, it will be available on Audit Scotland's website. I have asked the auditor to monitor Scottish Enterprise's progress against its action plan.

As ever, I am happy to answer any questions, with help from my colleagues, that the committee may have.

The Convener: Thank you. You said that you have asked your auditor to monitor progress. Can you add anything on how Scottish Enterprise is tackling the situation?

Mr Black: I do not think that I can add anything at this point, convener.

The Convener: It is too early. Thank you.

Robin Harper: I seek your assistance in understanding the perceived advantage that is to be gained from moving from yearly to quarterly

budgeting. Why did Scottish Enterprise make that move? Has it explained that?

Mr Black: In March, I came to the committee with a report on performance management at Scottish Enterprise. In that report, I commented on the background to the new system. Perhaps I may remind you what we said in March. Until the financial year 2005-06, budgets were allocated to each broad theme at the start of the financial year. They were then broken down further to the individual local enterprise companies. There was concern that that might create an incentive for the enterprise companies to spend up to their budget allocation: in other words, they had a sum of money that they had to spend, so there was a risk that the local enterprise companies might select some projects with that objective in mind rather than on the basis of economic justification for the projects.

In 2005-06, Scottish Enterprise introduced quite a major change in how it funds projects. Budgets were not allocated in advance either by theme or by area; instead, project staff were to apply for funds as project proposals were approved during the year, and applications would be reviewed—and either approved or rejected—each quarter. There is now no set budget for specific areas of activity and, as we point out, financial control will rely on robust forecasting and strategic alignment based on the quarterly management reviews.

The new system should help to ensure that projects are driven by their economic justification rather than by a need to spend up to budgetary limits, and should allow projects to be more closely aligned with Scottish Enterprise's objectives. However, as we have said, this is the first financial year of that approach, and management reports to the Scottish Enterprise board were indicating that demand was exceeding available resources. At that time, it was too early for us, as the auditors, to comment on the effectiveness of management action to contain expenditure. The audited accounts are now available and I have been able to make the section 22 report.

Susan Deacon (Edinburgh East and Musselburgh) (Lab): I could not help but be faintly amused by your opening remark that you wished to draw Parliament's attention to Scottish Enterprise's financial position. Many of us, particularly those who are members of the Enterprise and Culture Committee, feel that we have been paying perhaps an unhealthy degree of attention to the organisation's financial position for a great many months now.

Although I acknowledge Audit Scotland's specific role and obligations, I am keen to get a sense of what, if anything, the committee can say or do to add to the parliamentary scrutiny that has already been carried out. Do you feel that the

section 22 report highlights any issues that are new or different to those that have been previously considered, particularly by the Enterprise and Culture Committee? Are there any outstanding issues that should be of particular interest or concern to the Audit Committee?

You referred to the report that you presented to the committee in March. I recall that, at that time, you said in response to one of my questions—forgive me for paraphrasing you instead of quoting verbatim—that you felt that, with regard to its financial management systems, Scottish Enterprise's overall direction of travel was the right one. Do you still hold that view?

The Convener: I should point out that, as far as the first part of that question is concerned, under agenda item 6 we will discuss how to proceed with the section 22 report. However, such was the length of the question that it contains a lot of meat for the Auditor General's consideration.

Mr Black: I am obliged to report to Parliament on the audited accounts if there is a significant overspend or any other breach of statutory or financial requirements. To that extent, the section 22 report fulfils that obligation.

As for new information, the figures in the report are slightly different from those that were reported to the Enterprise and Culture Committee, because we are now using audited accounts. However, the fundamental position and general issues remain the same. The Enterprise and Culture Committee produced a thorough and extensive report on the matter and its general conclusions are appropriate.

This section 22 report to Parliament contains a lot of detailed work by the audit team. As part of the final audit process, a full audit report, which will also be a public document, will be given to the Scottish Enterprise board. I suggest that that report's recommendations will probably contain more detail than it would be absolutely necessary for the committee to get involved with.

10:00

On whether Scottish Enterprise's direction of travel is appropriate, I point out that the overspend on cash costs was only £6 million on a £444 million budget. The main problem was the failure to provide adequately for non-cash costs. It is quite interesting that the KPMG report for the minister said that non-cash overspend was £27 million in 2003-04 and £26 million in 2004-05, and I can confirm that it was £27 million this year. The fundamentals have not changed terribly much, and the overspend on the cash costs has been fairly marginal, given the size of the budget.

Given that I support the new project management system in principle—for the reasons that I gave to Mr Harper earlier—I think the direction of travel is appropriate. There was a significant failure of financial monitoring and control during 2005-06, which has been thoroughly analysed. Scottish Enterprise should stay on course to deliver its programmes effectively.

Mr Andrew Welsh (Angus) (SNP): On the direction of travel, if there are systemic problems—there were clearly budgeting problems in the past—is Scottish Enterprise now better equipped to spot and trap such budgeting problems? For example, are there additional in-built early-warning systems to catch such problems, now that matters are being dealt with quarterly?

Mr Black: If I may, in answering that question I shall continue to use the language that I used a moment ago. The direction of travel is appropriate, and action has been taken, but I cannot give you an absolute assurance about the adequacy of that action. As I mentioned, the audit process is concluding at the moment and a final audit report is currently being considered between the Audit Scotland team and Scottish Enterprise management. Also, as I said in my opening remarks, Scottish Enterprise has produced a list of actions that it has taken and that it intends to take to ensure that the situation is better controlled in the future.

Mr Welsh: We shall check against delivery.

The Convener: There are no further questions from members, so I thank the Auditor General for that briefing. We shall return to the subject under agenda item 6, when the committee can decide whether it wants to take further action.

“The 2004/05 Audit of Inverness College”

10:02

The Convener: The committee will consider a response from the Scottish Executive to our fourth report of 2006, “The 2004/05 Audit of Inverness College”. I refer members to the paper that is before us.

I found both the tone of the response and its presentation helpful: it is concise, to the point and well presented, and not only was the tone appreciative of the committee’s work but I got the sense that the Enterprise, Transport and Lifelong Learning Department is willing to take on board our comments. I hope that, in the short time that is left to us before the end of the session, we can continue to work with other departments in the same way.

Margaret Jamieson (Kilmarnock and Loudoun) (Lab): I seek clarification of paragraph 89 of the response. Although the department accepts our recommendation, it goes on to state:

“The SFC will shortly propose to colleges and to the Scottish Executive a statement of college Principals’ responsibilities”.

If that proposal is not accepted, what will happen? Will that leave matters up in the air?

The Convener: We can write to the department to clarify that. It may require legislation, but it may be the case that the statement is accepted.

Margaret Jamieson: I am not aware of the process. It might well be that the colleges and the Executive have no option but to accept the proposal.

The Convener: We will seek clarification on that point.

One positive aspect of the response is the acceptance of the points on timing and the rate of escalation of intervention. Although in our previous experience of colleges the style of intervention had been adequate, it had not been in this case. That suggests that the department and the funding council are learning from the experience of Inverness College.

I ask the Auditor General whether he or his team have any comments.

Mr Black: We have no comments.

The Convener: If members agree, we will write to the department to seek clarification on the point that was raised earlier. After that, we can put the item to bed as a job well done by the committee.

Susan Deacon: I seek clarification on a matter that I cannot see in the paper, although I recall that we have touched on it. Do we know when it is expected that the review of Scotland’s colleges, which is referred to frequently, will be completed? Is it worth seeking further clarification on that?

The Convener: We can add that request to our letter to the department. We have been trying to keep an eye on the review, but it is a bit of a movable feast.

As we are doing so well for time, I will suspend the meeting—our witnesses for the next agenda item are not here yet. I will let members have a break until 10.30. That means that we will not take a comfort break later, although I am sure that members can put up with that.

10:07

Meeting suspended.

10:30

On resuming—

Teaching Profession

The Convener: I welcome Mike Ewart, who is the head of the Scottish Executive Education Department; Donald Henderson, who is the head of the teachers division in the department; and Dougie Atkinson, who is also from the teachers division. We will examine the Auditor General for Scotland's recent report "A mid-term report: A first stage review of the cost and implementation of the teachers' agreement *A Teaching Profession for the 21st Century*". Our questions today will be on the monitoring and implementation of the agreement; assessing the agreement's impact and value for money; and further actions that might be needed to meet the objectives. I ask Mike Ewart to make his opening statement.

Mike Ewart (Scottish Executive Education Department): I know that the committee wants to take a fairly focused view on the report today, so I will not detain members with a lengthy introduction. I will introduce my colleagues. Donald Henderson, who is the head of the teachers division, has been closely associated with the implementation of the teachers agreement for about four years. Dougie Atkinson is with the teachers agreement communications team, which was set up by the Executive and local authorities to assist with the implementation of the agreement and—as the title suggests—to improve communication about good practice throughout the country. Between them, they have significant experience of the operation and implementation of the agreement. If I may, I will refer questions to them as appropriate during the discussion.

As I was coming to give evidence today, I reflected on the fact that the original committee under Professor Gavin McCrone was established around the time that I joined the Scottish Executive, in September 1999, as the head of the Education Department schools group. In looking back on the progress of the 21st century teachers agreement, it is important to remember what the circumstances were, even as recently as the end of 1999. There was a bipartisan arrangement for negotiation—teachers' terms and conditions were determined through the statutory negotiating machinery of the Scottish Joint Negotiating Committee for Teaching Staff in School Education. In practice, that was solely the province of the local authorities and the teachers unions. It was a settled Scottish Office policy that the Government was not involved directly in the negotiations, although both sides regarded the Government as a necessary party in the financial settlement that had to underpin any agreement.

At that time, negotiations between the teachers associations and the local authorities had been going on for about 18 months over an arrangement that was known in those days as the millennium agreement. The negotiations had broken down completely. The teachers had rejected a proposed agreement on pay and terms and conditions by an overwhelming majority. The circumstances were so bad that the teachers associations were prepared to strike to prevent the formation of the committee under Professor Gavin McCrone that led to the recommendations that became the basis for the subsequent negotiation of the 21st century teachers agreement. That piece of anecdote is a significant reminder of just how poor the relationships were.

Part of the aim of the negotiation process that took place following the report by Gavin McCrone and his colleagues was to repair those relationships and to introduce a wholly new element—a tripartite arrangement in which the Executive was engaged formally, openly and transparently as a party to the negotiations. Before we negotiated the detail of the agreement, we had to agree a prior set of conditions concerning how we were going to undertake the negotiations and what kind of relationships we would have. We sought to ensure that those relationships would be as open and frank as possible, and a great deal of the original work involved discussing what we found difficult about one another's behaviour. It was a great learning experience for the Executive as well as for the local authorities and the teachers associations.

In some respects, that process of engagement reflected a trajectory that has been followed, partly in the shadow of the Parliament, by a range of other services and areas, with the Executive moving from being the old-style Scottish Office to being a much more engaged organisation. Nowhere has that happened quite as dramatically as in moving from a bipartisan negotiating machinery to a tripartite one.

In measuring the effectiveness or value for money of the implementation of the agreement, we must reflect not just on the fact that there is now a settled industrial relations climate in our schools but on the fact that terms and conditions of service are not at the top of the agenda in our schools. As Peter Peacock has said on several occasions, we can now talk about education because we have taken that rubbing-point off the agenda. Not only was there a three-year pay settlement as a result of the negotiations that led to the teachers agreement, there was a subsequent four-year settlement. I note with interest that the new convener of the Convention of Scottish Local Authorities has suggested in the press that we might look forward to another multiyear agreement in the future.

There is a very different climate now and it is difficult to remember just how unpleasant things were when we started. That is part of my reflection on the overall trajectory of the agreement. My colleagues and I will do our best to help you with the detail.

The Convener: Thank you for that introduction, which helps to set the matter in context for the committee. We intend to consider four areas, which I will run through. The first is costing and monitoring implementation of the agreement; the second is assessing its impact and value for money; the third is further actions that might be needed to meet the objectives of the agreement; and the fourth is the concerns of teaching and support staff. Naturally, we will be talking about agreed facts rather than policy, as is the normal process of the committee. I will start off and then Susan Deacon and Robin Harper may want to ask questions.

The initial funding allocation of £854.9 million in January 2000 covered the first three years of the agreement. In March 2003, the then Minister for Education and Young People announced a funding statement for the next three to four years that revised upwards by £51.5 million the predicted cost of implementation during 2003-04. Are you able to tell us what caused the revision upwards of £51.5 million?

Mike Ewart: It is fair to say that, when we entered the process of negotiation, the information that was available to the Executive—given the fact that the Government had hitherto stood aside from the negotiations as a matter of settled policy—was not as complete as we might have desired it to be. Indeed, the information that was available to the local authorities collectively, through COSLA, was not by any means as good as it is now. The machinery for making the financial assessments has improved significantly over the process of the implementation of the agreement. It would have been nice to have had that mechanism entirely tied down before we began the negotiations, but that luxury was unavailable to us, for obvious historical reasons.

I invite Donald Henderson to give you further detail on the precise numbers.

Donald Henderson (Scottish Executive Education Department): As Mike Ewart said, our knowledge of the data has got a lot better over the period that I have been involved in this issue, since the beginning of 2002—indeed, I think that it had improved during the course of 2001 as well. In understanding the data better, we found that some of the costs increased. However, we were also getting experience of early implementation in induction, for instance. The costs that we saw as being necessary when we started to implement the agreement in 2002 were not massively higher,

but they were higher than those that had originally been estimated. Further, by March 2003, we had indicative job-sizing costs. Those had not been available at all in 2001 or in the initial run in the spending review in 2002. Although we were embarked on the job-sizing exercise at that time, we had no results whatsoever from it.

The Convener: Does that mean that the previous estimates on job sizing were, essentially, guesstimates? Once you had hard information, were you able to be more accurate?

Donald Henderson: We did not have estimates until we had gone into the process to weigh an equitable structure for promoted salaries.

The Convener: In the statement of March 2003, there was additional funding of £80 million for the final three years of the agreement that included £10.5 million for 13 councils that had historical funding difficulties. Can you elaborate on what the historical funding difficulties were?

Donald Henderson: The local authority side made a strong pitch on the basis that there were some councils—mostly rural ones but also including Aberdeen and Dundee, I think—in which, for a variety of reasons, the costs that had gone through the grant-aided expenditure distribution system did not accurately reflect the actual costs of teachers' salaries in those authorities. There was some discussion of the matter. At the outset of the discussions, the Executive's view was that the issue was more a matter of distribution, provided that we had the all-Scotland numbers right, which the local authorities were not disputing. However, the Executive was clear that significant difficulties were being caused for those councils and it was agreed that, in order to win some time for us to address those issues more carefully, funding would be channelled to 10 or 12 local authorities over a two-year period.

The Convener: Should that allow us to expect that, in a sense, funding difficulties are now historical and there should be no fresh funding difficulties or new problems?

Donald Henderson: There has certainly been some change in the way in which we distribute some of the money, either directly, through the teachers agreement, or through other education initiatives that do not always simply follow the grant-aided expenditure distribution. To that extent, we are looking at the needs of various authorities, particularly rural ones, in different ways. You would have to ask the councils if you wanted to find out whether that has wholly answered the complaint that those authorities had about the big grant distribution issues. However, we do not have the same case made to us any more.

The Convener: In the announcement about the additional funding of £80 million, there were allocations of £31 million for salary conservation—you touched on the issue of job sizing already—and £38.5 million for management restructuring. How can you be certain not only that that was adequate but that it was not generous?

10:45

Donald Henderson: The local authorities viewed that £38.5 million as being simply for management restructuring. In fact, when we were doing the numbers in the run-up to March 2003, that was a general uplift that was needed to cover the costs that we expected local authorities to incur. That included management restructuring; it was not simply for it.

All that we could do to assess actual need was get the best possible data on what was happening in the teaching profession and the numbers at different grade points; stay as close to the system as possible to understand how it was evolving organically; and then make a judgment on a fair distribution of funding to allow the local authorities to meet the objectives that we and they both had on the implementation of the agreement. The decisions on what the right figures were came down to an increasing mix of science and the continuing art of judgment. Overall, we are fairly happy that, considering the scale and complexity and the length of the five-year period, it was not a bad job.

The Convener: Can the committee take it that, given that there is now more information of higher quality and the fact that you have in some senses settled the case put to you by local authorities, future announcements will not need reviews or, if they do, the scale will be considerably smaller?

Donald Henderson: It is difficult to say that. If you go into a project for which you do not know the precise cost outcome five years in the future, you will always need to retain flexibility. If you set in stone the unknowable, you are heading for disappointment.

Susan Deacon: First, I want to say how helpful Mike Ewart's opening statement was in reminding us of the background and of how we have got to where we are. It is important that we remember the wider context, and my questions are in a similar reflective mode.

As you indicated, both the method by which the agreement was reached and the implementation process were dramatically different from what went before. In many respects, they led the way more widely in having the tripartite approach of bringing together the Executive, local authorities and teachers organisations. Now, many years on, could you elaborate on that machinery in relation

both to reaching the agreement and to the subsequent implementation process? How important was the approach in affecting the outcomes? Are there any lessons to be learned or areas for improvement that could be drawn on if such a process was repeated in the future?

Mike Ewart: The invitation to tell old war stories is almost too much to resist, but I will do my best.

Your point that the exercise was pioneering is important. We did not have the luxury of doing a lot of planning. The circumstances were bad and action was obviously needed.

The key answer to your question about how different the arrangements are now and what might be learned from them is that, in many respects, we feel that we are behaving improperly in giving evidence on our own. There are two missing parts to the story, given that the teachers unions and local authorities are not giving evidence. Your question might get an interestingly different response from them and that would be an important part of the learning that we are continuing to do.

A few years ago, I invited members of the top management programme that I had attended in the early stages of my training with the Executive—people from the private sector, the voluntary sector and the armed forces from throughout the United Kingdom coming together to share learning experiences—to come to Scotland to engage with the unions, the local authorities and the Executive in order to get a sense of what the discussions were like. They played back to their colleagues in the south not only the different circumstances in industrial relations and negotiations on terms and conditions of service but the discussion that was beginning to emerge, on the basis of that, about educational policy. They regarded that as being a very different experience from what they could have in the south. They characterised it simply as the fact that we were all together in the same room. Their experience was that it was not possible for a discussion of that kind to take place there, with all three parties simultaneously talking to a fourth party.

We still have to learn lessons about developing the capacity that we now have to talk to one another. The important thing is maintaining the levels of trust. Early on in the process, it was necessary to develop a number of fairly close personal relationships. The people have changed and it is important to keep the organisational relationships and the personal relationships refreshed. One of the ways in which we have sought to do that is by joint working with COSLA on the communications team. The Executive, through Dougie Atkinson and his colleagues, is now in much closer touch with what is happening

daily at the school level and within local authorities.

It is also significant that we are now, in the shape of Donald Henderson, a regular invitee to the Association of Directors of Education in Scotland personnel network. At the outset of the process, we would have needed to propose to make a presentation to that network in order to be able to take issues forward with it.

In all those ways, we have learned a bit about how we can work better together, but it is in no sense a perfect model. There is a lot to be learned from it, but there is also a lot of time and effort that needs to be invested to maintain it.

Susan Deacon: Just to play devil's advocate for a moment, has the relationship been too cosy? How do you maintain the balance between, on the one hand, building trust in relationships—and the constructive dialogue that goes with that—and, on the other hand, being as rigorous as you would otherwise be? Still in devil's-advocate mode, I will ask in similar broad-brush terms about all the other stakeholders in education. You made a distinction earlier, when you said that we can talk about education now rather than teachers' pay and conditions, but we all know that there is a massive overlap. Huge swathes of the agreement have had an enormous impact on the future of education in Scotland. Could there have been greater involvement of other stakeholders to ensure that everybody concerned felt that they were getting real benefits and true value for money out of the agreement?

Mike Ewart: It is fair to observe that there is a risk of an arrangement of this kind getting too cosy. It is also pretty clear to me that all sides of the tripartite arrangement are sensitive to their own position. If anything, even if the discussions have become easier because of the willingness to exchange information and to be open with one another, they have become more rigorous as the underlying data have become clearer and better shared. There will always be three different sets of interests involved in that tripartite relationship. I would not describe it as a cosy relationship; to borrow a phrase from Professor Gillian Stamp, I would say that it is at its best when it is one of vigilant trust.

I am sure that you are right to mention the importance of the other stakeholders in education. The fact that we are focusing on the detail of the negotiations that led to the agreement should not shut out those interests. The basis of the negotiations was the evidence adduced by Gavin McCrone's committee. The McCrone committee had representatives of other stakeholders and undertook wide consultation before making its initial recommendations. The subsequent involvement of the Executive and others in the

national debate on education widened the scope of their engagement. I could point to all kinds of other areas as examples of that. However, Susan Deacon's point is well taken in that the McCrone agreement was one of the foundations of progress. It was a necessary condition for the current debate about the curriculum and teaching methods. It is important to recognise the agreement's impact across the system on other stakeholders.

Robin Harper: On monitoring and implementation, I want to focus on the chartered teacher scheme. There are 30,000 eligible teachers, but only 196 have achieved full chartered teacher status so far. I would have thought that that spectacularly unsuccessful outcome would be a matter for concern.

On the projected costs of monitoring, if the 6,000 teachers who initially indicated an interest in becoming a chartered teacher did become one, you would need to provide about 30 times more money for the scheme. Will that cost be factored into future calculations?

What is your explanation for the fact that the chartered teacher level, which is the only promoted level between mainstream teacher and deputy head, does not seem to be catching on?

Mike Ewart: My general observation is that although relatively few teachers have completed the route to becoming a chartered teacher so far, there is nevertheless significant interest in the route. I think that about 3,000 people are currently on the journey.

The expectation was never that chartered teacher numbers would be large in the early years of the agreement's implementation. On paper, the agreement has a five-year life for implementation, but many of the agreement's elements will last much longer than that and we will need to work on them for some time to come.

I think that Dougie Atkinson and Donald Henderson will be able to give you information on how the scheme is going forward in practice, including the detailed numbers of those who are in the scheme and those who have indicated an interest in it. Their examples may give a useful illustration of where things are moving. However, I certainly would not regard the scheme as a spectacular failure, as Mr Harper put it; I would say that it is not yet a spectacular success.

Donald Henderson: It is worth pointing out that the scheme was launched only in 2003 and that the initial tranche of people who are doing, for example, around two modules a year out of a 12-module programme are only halfway through and making the steady progress that we think will be the norm in future years. I think that 275 have now reached full chartered teacher status, but that is a

misleading number in many ways because only after year 6 of the scheme will we start getting a decent sense of what the pick-up will be.

On our ambition for chartered teacher status, we do not view the chartered teacher as a promoted grade. Indeed, we are trying to move away from the language of promoted versus unpromoted. We have a tradition in Scotland of damning the most important professionals in our schools by describing them as being merely unpromoted teachers. The classroom teacher is the most important professional in schools and it is their skills that we are trying to reward.

11:00

In considering the potential future costings, we look at the number of teachers coming in, what stage in their careers they are at and how quickly they are progressing and we then run extrapolations. That means that we are learning all the time, as we get more evidence. Just over 3,000 are at some point on the programme and approaching 300 have completed the journey. If we end up with thousands of chartered teachers, the potential cost could be high, but it is important to balance that with the value that we can get from them.

Robin Harper: Are there any blocks in terms of the available training? Does there need to be more investment in that area?

Donald Henderson: Not that I am aware of. The chartered teacher programme involves big investments. At the beginning, the teacher has an investment to make in time and module costs and the Executive, via local authorities, has an investment to make in the automatic pay rises that follow. I am not aware that there is any impediment in relation to the availability of courses. A variety of geographical and methodological options are available, such as distance learning or classroom activity. There is also an increasing interest among teachers and unions in working with the universities to promote this kind of activity. We are keen for the teachers' organisations to reinvest in their members' professional capabilities as well as providing essential trade union services.

Robin Harper: Thank you. I take comfort from that information. I agree absolutely with what you said about classroom teachers. I spent most of my teaching career as a classroom teacher.

Margaret Jamieson: My questions follow on from those that Robin Harper asked about chartered teacher status. I should make a declaration of interests, in that my daughter is a newly qualified teacher.

Is there a financial impediment to teachers becoming chartered teachers if they are in out-of-the-way locations, bearing in mind that some would not have had to pay for their initial training? Given the continuous professional development requirements of the agreement, is there also a time impediment to their undertaking the required training for the chartered teacher certificate?

Mike Ewart: I am pleased to hear that your daughter is entering teaching. Given the targets that we are seeking to hit to increase significantly the overall number of teachers, I would hope that at least two or three other people in the room could make a similar claim.

I understand the concern that there might be difficulty in following the route to chartered teaching, but it was deliberately intended not to be an easy option; rather, it is one that requires significant commitment. There is assistance, in that programmes are made available to teachers to take that route, but, as Donald Henderson said, significant initial investment by the teacher is required. There are rewards to compensate for that down stream. Given the nature of the role that the chartered teacher is expected to play, it is important that they make a significant personal commitment.

Donald Henderson: The salary rewards are staged and guaranteed. They are not marginal, as they total just over 20 per cent. Many, or perhaps most, local authorities offer interest-free loans as part of their general staff development schemes. We encourage local authorities to look into such things as part of the package offered to employees. There are steps that people have to be willing to take, and my guess is that making time available is the biggest commitment that a teacher makes.

I am not sure whether Margaret Jamieson was asking whether teachers are not eligible for the chartered teacher scheme until they reach the top of the main scale. The programme is deliberately intended to be for experienced teachers. A judgment had to be made about what that meant; we knew that one year would not be enough and that 10 years would be way too much. On a shortened salary scale, the top of the main scale was a convenient point to choose.

Somebody who comes into teaching with prior relevant experience can get salary jumps. For somebody new to the profession, with no prior experience, it is probably about a five-year journey, but for somebody who has worked in a college, or worked in relation to their subject, the journey could be shorter.

People can also start to prepare for the scheme with a year's run-up, which we would encourage. That journey is therefore only about four years.

Most teachers find that they are pretty busy in that time, just grounding themselves in their professional practice.

Margaret Jamieson: Or even getting a job.

Which local authorities provide interest-free loans to staff to make that leap of faith? Is there information on which authorities are better at marketing such schemes internally than others? I am getting at the sharing of best practice. We want to know whether such schemes are common across the country or exist only in particular areas.

The Convener: The witnesses may send us that information in writing, if they prefer.

Donald Henderson: We will do that.

The Convener: We will follow up Margaret Jamieson's question in writing, and await your reply.

Mr Welsh: The witnesses have said that relatively few teachers were interested in the chartered teacher scheme. That is putting it mildly, given the response so far.

It is not good enough to say that time will sort things out; I would like to know what you are doing to improve the numbers. You now have better communication, better data and a better understanding of what is happening in schools, and you have said that future costs could be high. What do you estimate—with your improved data and improved understanding—that the effect will be on local authority budgets if the chartered teacher scheme succeeds? What is your target for the number of chartered teachers?

Donald Henderson: There is no specific target, and I am sorry if I gave the impression that time would sort things out. Time is a factor to be taken into account when we study what is happening in teaching, but it will not, in itself, sort things out.

We are promoting the role that chartered teachers are increasingly adopting. The school year has only just started, but at the tail-end of the previous school year we funded a conference for chartered teachers on a Saturday morning. We ended up having to get a bigger venue, because 300 people came, using their own time to travel to Glasgow from all over the country. The sense of commitment, purpose and imagination in that room was wonderful. Back in their schools and authorities, those people will have power and influence when talking to their colleagues about the professional rewards as well as the salary rewards, and that will be one of the main ways in which we will market the chartered teacher scheme. The best marketing comes from people who have enjoyed the product and then gone on to talk about it. We also work extensively with the General Teaching Council for Scotland on this issue and others to ensure that the chartered

teacher scheme remains at the forefront of people's minds.

The key point is that we promote the professional and financial value that being a chartered teacher has to the 3,000 who are on the journey to that status and to the almost 300 teachers who are already there. Members will see from the figures that have been quoted that the numbers who are at the top of their salary scale have experienced quite big percentage increases, even over a few months. We use those who are involved in the scheme as one of the major marketing tools to spread the good message.

The financial costs will be broadly linear, so if we end up with 10 times the number of fully qualified chartered teachers that we have now, costs will flow consequently. The important point is to model costs as best we are able to. Over time, we will increasingly see patterns develop and will ensure that they are fully taken into account in each spending review. If that happens, there will be no impact on local authority expenditure.

Dougie Atkinson (Scottish Executive Education Department): I reinforce what Donald Henderson said from my experience of going out to schools throughout the country to talk to head teachers about the likely take-up of chartered teacher status locally. Robin Harper said that take-up was low but, as Mike Ewart and Donald Henderson explained, we do not think that it is. We found it encouraging that the survey work that Audit Scotland did as part of its study found that more than 74 per cent of teachers with less than three years' experience are likely to take up the chartered teacher option at some point. The potential for people who are newer to the profession to enter the chartered teacher route is significant.

Mr Welsh: Over four decades, I have heard that Governments will fully take into account matters during spending reviews and that local government will respond. That does not always happen, but I hope that it will. The money should follow the task.

What is the present geographic spread of chartered teachers? How can you ensure a fair and even spread throughout Scotland?

Donald Henderson: We can write to you with details. The spread is relatively even throughout the country; chartered teachers are not collected in west-central Scotland, the north-east or wherever. The spread is also relatively even between sectors and between genders, given the profession's make-up.

We constantly need to consider such issues, particularly in thinking about rural and island Scotland. We need to ensure that the methods by which teachers can develop via the chartered

teacher route and more broadly through contractual CPD are equally and equitably available the length and breadth of the country. The evidence so far is that we cannot be doing a bad job, because chartered teachers are distributed around. However, we need constantly to keep on top of that.

The Convener: I call Mary Mulligan. As we are discussing chartered teachers, she should feel free to use all her questions on the subject, so that we do not have to return to it.

Mrs Mary Mulligan (Linlithgow) (Lab): Thank you, convener—that is kind of you. However, all the questions that I planned to ask have been asked.

I want Mr Atkinson to expand on his point that newer teachers might be more receptive to the idea of chartered teacher status; the report suggests that that is the case. What, if anything, could you do to ensure that we do not have a two-tier system under which older teachers do not take on the status and only newer teachers do so?

Dougie Atkinson: We are taking several measures to promote the chartered teacher concept in schools. One of the best ways to do that is, as we have more chartered teachers, to develop what a chartered teacher might do in a school, so that other teachers who might be considering whether to enter the chartered teacher route know what they would be expected to do.

As Donald Henderson explained, chartered teacher status is not a promoted grade, so in the programme's early stages, some uncertainty has been felt about precisely what a chartered teacher would do. That is starting to resolve itself as people have more experience of chartered teachers in schools and of what they do that is different from what classroom teachers do.

11:15

We now do quite a bit of work around the country, talking to people about what positive things might come out of the chartered teacher approach. That does not just involve the younger generation; quite a number of older teachers, particularly those in their early 50s, who have been in the classroom for a long time, have for a number of reasons decided to go down the chartered teacher route. They are very good teachers—they have been doing their jobs very well for a long time.

I do not think that there is too high a risk that only the people who are newer to the profession will become chartered teachers. There is, however, a risk of having an age band in the middle of the profession when people's lives are particularly busy, with teachers having young

families and not being able to afford the time. Having talked to head teachers around the country, I understand that time is a very big factor in people saying that they cannot take up the role of chartered teacher at that point in their lives: they simply do not have the time if they are raising young families. We need to do something with regard to that middle stratum if we want to encourage more people in the profession to take on chartered teacher status. In the end, it is down to teachers to progress through the modules. It is a significant undertaking, and they need to understand that before they enter into that route.

Mrs Mulligan: I should probably know this, but I do not. Is there a time limit to the period over which somebody may take the modules?

Dougie Atkinson: What do you mean by "a time limit"?

Mrs Mulligan: Mr Henderson said that someone would do two modules a year and probably take six years in total. However, is there a time limit? Could someone reduce the amount of work that they did during a certain period? If they had a particularly busy year, for personal or whatever other reasons, could they delay moving on to the next stage? Is that flexibility there?

Donald Henderson: Yes. The system is very flexible. Most of the chartered teacher programmes are delivered with universities as the lead partners. At the end of the university work, people will typically get two awards. One is an MEd; the other is the professional recognition of chartered teacher. On occasions, some time limits will be involved for people who want to get the MEd. There are no time limits otherwise—for example, people may decide to take a holiday over a year or two or they may wish to take just one module a year. There is a salary reward every second module, so people in those situations would simply wait that bit longer to get it. We wanted to build in such flexibility to reflect the circumstances that Dougie Atkinson was speaking about.

The Convener: I have some questions on monitoring. I refer you to paragraph 48 of the Audit Scotland report, which says:

"The absence of routine financial monitoring by the Scottish Executive and its reliance on more general intelligence on implementation of the Agreement from HMIE, TAC Team and others was a weakness in the financial governance of the implementation of the Agreement."

Was that monitoring sufficiently robust, in your opinion?

Mike Ewart: As I have indicated, the data that were generally available at the early stages of the work were much less rigorous than they are now. I do not believe that the overall financial monitoring

of the progress and implementation of the agreement has been less robust than it should have been. Considering the conclusions in Audit Scotland's report, I think that there is a remarkably close level of precision between the estimates and the outturn. [*Interruption.*] One of my colleagues has just reminded me that that does not happen by accident.

It might be helpful if I turn to Donald Henderson at this point, as he will be able to give you some detail on how the process has been monitored and can amplify the account that was given in the report. That is the one area on which we do not exactly agree with our colleagues at Audit Scotland.

Donald Henderson: The key issue is that, in very large measure, we knew what we were buying. We and the officials at Audit Scotland had long debates about this, and we agreed to differ on it, but our view was that we were close in a way that the Scottish Office had not been in the past and that we had good data—generally annual—on the major things that we were buying in respect of teacher numbers and different types of support staff that were coming through.

Our intelligence, which enables us to spot issues, varied from adequate to very good. For example, we did not need the Audit Scotland report to tell us that there had been slow uptake for the first two years or so—perhaps even stretching into three years—in relation to support staff. We knew that because we were in there, we were talking to local authorities and we had spotted the annual data as they came through. On very fine tuning, an annual return or a biennial return would have given us an extra level of information, but as far as big-picture implementation is concerned, I am not sure exactly what I would have done with that information, given that we felt comfortable that we knew the big picture. We think that we knew pretty well where the early weaknesses in implementation were and where we could press local authorities a little bit harder.

The Convener: You say that you knew the big picture, but there were some variations in spending and some underspends and overspends. For example, there were underspends of £23.9 million on administrative and support staff, of £3.9 million on the chartered teacher scheme, and of £10.2 million on reductions in class contact time. However, there was an overspend of £11.65 million on salary conservation. To what extent was the department aware of those variations before the Audit Scotland report was published?

Donald Henderson: We did not know the precise details on administrative and support staff, but we knew broadly how staff numbers had developed over the years. Evidence of that is in

the letter that Cathy Jamieson wrote to Pat Watters in March 2003, in which she stated that, unusually for the implementation of the agreement, at that stage we knew that things were not working at the speed that we were looking for.

On chartered teachers, we get detailed information from the General Teaching Council and the universities on uptake. We have developed our modelling, but it requires a good bit more development as the numbers increase. The information has developed since 2003, when the scheme started.

We knew the job sizing element of salary conservation pretty accurately, as we had near-final data from the consultants who were doing the work for us. At that point we did not and could not afford to wait for the more accurate information that Audit Scotland was subsequently able to collect, because we were where we were in the spending review period. As Mike Ewart said, at the very beginning of the process we knew that we would get the data eventually, but we could not afford to wait on them. We had to give an indication of the trend that we knew was there, but that was about all that we could do at that stage.

The underspend of about £10 million on the reduction in class contact time was a bit larger than I had expected, but, crucially, local authorities were learning as the first class contact reduction was taking place in August 2004. My guess is that the figures will not look like that when Audit Scotland comes back to the matter. Evidence from Audit Scotland's own figures indicates that the difference between our estimate and local authority spend narrowed over the two years for which Audit Scotland collected figures.

Mr Welsh: More than £2 billion and counting is a major investment of public funds. How will we and you know that you have achieved value for money? I refer you to paragraph 131 of Audit Scotland's report.

Mike Ewart: There are two key elements. The first is the general context to which I referred at the start. One might say that it would have been scientific to run an experiment in which we allowed part of the country to remain where it was in 1999 and allowed the rest of the country to run with the agreement as implemented. Plainly, that would have been absurd. We can clearly point to our having achieved value for the investment that was made in the agreement in terms of what that investment—along with the investment in schools infrastructure—represents in repairing what must be regarded as decades of neglect prior to the agreement being signed. The First Minister recently declared his intention that Scotland should have not just one of the best education systems in the world, but the best. We need the

full engagement of the teaching profession to achieve that.

The second, more mundane, way of measuring the value for money that we have achieved is to ask what objectives we set. What were we seeking to buy when we began the discussions? Those were the milestones that were set out in the agreement. Some people say that that document is too replete with specific milestones to hit, specific circumstances to achieve and specific arrangements to put in place. I think that all three parties to the agreement can take some pride in the fact that those milestones have been achieved, that the agreement has been implemented and that it has provided the basis for a much more productive dialogue about pedagogy and curriculum.

I have attended three Organisation for Economic Co-operation and Development meetings at which it has become clear that the single discussion among almost all the education systems around the globe is about how we can turn policy into classroom practice. That is the position that we are now in. We can talk about how we can change classroom practice, but classroom practice is changing daily. That is part of the achievement of the agreement. I do not shirk from saying that and claiming some credit for it.

Robin Harper: In paragraph 131 of the Auditor General's report, you have been given some possible ways of assessing impact and value for money that highlight some of the problems in this area.

Recruitment and retention are a relatively simple matter—it is a numbers game. For workforce morale, you could look at absenteeism or sickness rates, which are a fairly good way of measuring morale. It is more difficult to measure the workload and skill mix, and I would be interested to hear how you measure the quality of educational leadership. I think that everybody knows who is a good leader and who is a bad leader, but it might be difficult to set some criteria to measure whether, overall, educational leadership has improved.

You have mentioned improvements in classroom practice. What objectives could we set in changing classroom practice, and how would we measure whether those objectives had been achieved? Do you have any specifics on classroom practice? Have you given that some consideration?

Impact on educational attainment brings us back to the beginning—it is a numbers game. Apart from just comparing what is happening here with what is happening internationally, we would have to assess how far up the scale we could reasonably be expected to get if we simply looked

at exam results, and how sensible it might be to continue that approach for a protracted period of time. I am sorry for asking a rather long question.

11:30

Mike Ewart: It was a long question, but it is fair to ask it because it touches on an area of considerable complexity and difficulty.

It is true that measuring some of the elements that have been suggested as measures of success would be relatively simple. You were right to mention recruitment and retention, on which we can see a significant impact and in respect of which we can demonstrate fairly short chains of causality. However, with other, wider questions, it would be very difficult to trace the link between the implementation of the detailed milestones in the agreement and changed attainment over time. In many respects, as we go down the list of possible areas for measurement that you have identified, the more one sets specific and narrow parameters, the more one risks measurement becoming an instrument that prevents progress.

I include attainment in the softer areas of consideration because one of the broader questions in the education system is that of trying to move from narrow measurements of attainment to broader measures of achievement, so that we can deal with some issues that we currently face in a system that excludes from success an unacceptable proportion of people. We do not want to introduce measures in the agreement that would have a deleterious effect as brakes on creativity and progress in the system. Nevertheless, the department, through its work on measuring and monitoring progress, and the nation collectively need a proper sense of where we are making progress with the school system and the education system more broadly. Qualitative measures must come from robust systems of quality assurance. We can justly say that we have one of the most highly developed systems of moderated self-evaluation through the mechanisms in "How good is our school?" and the other mechanisms that the schools inspectorate uses. I would claim that the evidence base that we have accumulated through our direct contact with the system and through such focused professional qualitative measurement is as good as—if not better than—any other evidence base anywhere else in the world.

The recent summary report by the senior chief inspector of education, "Improving Scottish education", is, as an encapsulation of 10 years of data, extraordinarily powerful. We will use such mechanisms across the department to assess progress in developing the education system more broadly. We can point to the implementation of the agreement, the investment in infrastructure and

our addressing the other issues that were precursors to developing the curriculum as ways in which we have laid the foundations. We would certainly agree—as I am sure ministers would—that such things represent substantial and deliberate investment in what we see as the essential key to developing Scotland's future.

Robin Harper: I take a great deal of comfort from your aims on assessment. Do you think that there will be an increasing emphasis on measuring achievement rather than attainment?

Mike Ewart: Asking an official to talk about future policy six months before an election poses an interesting challenge. My answer to your question is yes.

Mr Welsh: I can well understand that you do not want to produce measurements that will have deleterious effects or get in the road of progress. However, does your department intend to specify measures that will allow a value-for-money judgment to be made? Will there be clear and publicly available evidence to show that we are getting value for money from the large sums of public money that are being spent? I realise that you want to avoid negativity, but what measures would create a positive effect and how far have you got in producing them?

Mike Ewart: We can point to simple measures in the implementation of the agreement. Some items were on our shopping list and have been paid for, and whether or not we got them is a simple matter of recorded fact. I do not pretend that we will be able to introduce simple measures that will reduce to a single headline figure the success of the agreement's implementation with regard to attainment and broader achievement. After all, such elements are very difficult to measure in simple numbers. In fact, by contrasting the national testing regime with the outcomes of the assessment of achievement programme, we know that, if one can measure narrow definitions of success, one can show increasing success. However, trying to measure broader understanding reduces outcomes for children and we do not want to repeat that experiment.

That said, we are able to demonstrate not through simple numbers but through convincing narrative that investment in the implementation of the 21st century teachers agreement will be key in providing the foundations for the future development of our school system. In the next year or so, we will undertake not only an exercise that will give us the kind of international benchmarks that, for example, the OECD programme for international student assessment studies provide but an individual country review that will examine our system in detail not just on the basis of our internal quality assurance

mechanisms through the schools inspectorate but through a rigorous external review.

The Convener: Attainment has been mentioned. In paragraph 20 of his report, the Auditor General for Scotland says:

"The Agreement, or subsequent guidance from the Scottish Executive and other parties to the Agreement, should have included specific outcome measures related to its expected benefits in areas such as ... impact on educational attainment ... improvements in classroom practice ... the quality of educational leadership ... workload and skill-mix ... recruitment and retention within the profession."

Will you be able to measure outcomes in any area?

Donald Henderson: As far as recruitment and retention are concerned, implicit in the establishment of the McCrone review and the teachers agreement itself was the necessity of ensuring the future availability of staff of suitable quality and potential. Separate from the agreement are the commitments that the Executive made following the 2003 election to lift teacher training numbers by about 60 per cent above the level of replacement. We have now managed to do that, but we did not have—and indeed could not have had—such a target back in 2001.

In my view, the better and more realistic approach is to consider at a broad educational level the objectives of the teachers agreement—the need for sufficiency in some areas and excellence in others and the space that the agreement has bought us—and to test ourselves against those, rather than just concentrate on the technical outcomes of the agreement.

The Convener: I invite Mary Mulligan to ask the next questions about further actions that might be needed to meet the objectives of the agreement.

Mrs Mulligan: If we accept that progress has been made—and I do—how can you ensure that it is sustained? You might like to say a little bit about ensuring that good practice is introduced and shared across the education field.

Mike Ewart: I will invite Dougie Atkinson to give some examples of how the TAC team has worked to share good practice specifically around implementation of the agreement. However, there are obviously other ways in which we can share practice more broadly across the education system.

I endorse Mrs Mulligan's point about ensuring that we get continued progress not just following implementation of the agreement but more broadly. The point was made earlier in connection with the chartered teacher scheme that we are now seeing a significant intake of younger people into the profession. That has been repeatedly

represented in the press as a crisis in the teaching profession, as the other side is that there are large numbers of people reaching retirement age and leaving the profession. It is not a crisis, as we were able to predict that happening. Our data may not have been utterly brilliant when we started, but we at least knew the age profile of the profession.

The serious point is that we are seeing an influx of new people into the profession bringing new energy and commitment, which is probably the biggest strategic opportunity that the country has for a generation. If we lose that opportunity, we will curse our children. We cannot afford to lose it, so it is essential that we see continued progress. The important issue is to ensure that we do not stifle good practice by issuing old-style guidance that says, "This is a good idea, so why doesn't everybody do it this way?" Instead we should say, "This is a good idea. What can you learn from it, and what can you add to it?" We hope that it is in that spirit that we are now working with our partners.

Dougie Atkinson: One thing that the TAC team has done in the past three or four years is to engage with authorities, head teachers and other promoted teachers—generally not classroom teachers—on implementing the agreement in their area. Of course, implementation in Highland is very different from in East Renfrewshire or North Lanarkshire. The structure of the agreement allows local variation, and that has happened.

Part of the value of having the TAC team—which is a mixture of civil servants and seconded education professionals such as head teachers from the primary and secondary sector—is that we can engage with people from across the country both individually and in groups to allow them to explore the challenges and issues that have faced them in implementing the agreement in the past few years. That has been a successful model. People have found it useful to meet their peers from a neighbouring authority and elsewhere in Scotland to talk about implementing different parts of the agreement and to hear the experience of colleagues whose challenges have perhaps been more significant because of the circumstances in their schools. The model has worked well, and continues to do so.

Recently, we have done quite a lot of work with principal teachers and depute heads throughout the country on collegiate working and good collegiate practice. That has been so successful that, although we are a small team and cannot deliver to every school in Scotland, there now seems to be an appetite for schools in Scotland to have that debate. We propose to equip groups of education officers from each local authority to go into schools to generate that debate, which seems

to have been valuable to the PTs and deputes with whom we engaged earlier this year.

That is one of the many things that we do. There is also the group to which Mike Ewart alluded, which Donald Henderson and I attend—the ADES human resources network. That is an excellent forum in which we have monthly discussions to try to spread messages about good practice and encourage authorities to share good practice. We have a website on which we host all sorts of material, which acts as a resource for both local authorities and schools.

There is an issue about continuing that dialogue and engagement with authorities and schools. It is time consuming, because there are a lot of schools.

11:45

Mrs Mulligan: You said that there could be differences between schools in the Highland Council area and those in North Lanarkshire. I suspect that, even within the Highland Council area, the implications for individual schools would be different. How do you ensure that local authorities pick up on that?

Dougie Atkinson: Many authorities have a policy on how to go through specific parts of the implementation process. We would expect there to be some uniformity of approach within each authority, but that is not always the case because of the variation in the size of schools, the physical location of schools and the mix of skills among staff in the schools. Head teachers often need to have a degree of autonomy from an authority to allow them to deal with particular issues in their schools.

Most local authorities get round that by having regular meetings with the head teachers from all their primary and secondary schools to ensure that they know what their colleagues at other schools in the same authority are doing. From time to time, we get involved, but we have been of more value in ensuring that authorities that have made more progress in achieving the cultural change that underlies the agreement share their best practice with authorities that have made less progress, so that they can learn from that.

Mrs Mulligan: What would you do if you felt that progress was not being made? Do you have a plan for responding to that?

Dougie Atkinson: That would depend on what we found. If an authority had appointed no new additional support staff, for example, it would clearly not have delivered on that element of the agreement. We are not finding that, however. We are finding that all 32 local authorities have made significant progress over the duration, although

some have made more progress than others. We are trying to bring the authorities that have found the process more challenging up to the level of the authorities that have blazed a trail and implemented the agreement faster.

Donald Henderson: In some areas, there can also be a role for the SNCT—from which two sets of our colleagues are missing from around the table today, as Mike Ewart said. In the agreement, the technical implementation of terms and conditions is the tripartite responsibility of the SNCT, not just of the Executive. We have a crucial influence, but there are two other groups around the table, and it is in their interests that implementation should happen as effectively as possible throughout the country. If we do not see something that we want, it is a question of considering what it is and what area it is in, which will then point us towards specific action.

Mrs Mulligan: We have probably discussed everything that we could about chartered teachers. However, paragraph 134 of the report talks about special money being identified for continuing professional development up until 2006. How can we ensure that that is built into local authorities' programmes so that it will be sustained in the future?

Donald Henderson: Ultimately, that remains a part of the spending review, and it will be for ministers in future Executives to make decisions on that. The professional advice that they will get from their officials is that maintaining effective CPD resources is vital. What matters most for educational outcomes is the quality of teachers, although the causalities are difficult to determine and explain precisely. The international evidence is that what we most need to achieve in our education system is quality and commitment in our teaching profession. The other things might be necessary, but they come later in the process.

Mrs Mulligan: Let us turn to new administrative and support staff. In many places, they have been engaged, but there seem to be two issues. First, is it the case that they have not been engaged as quickly as might have been expected? Is there still work to be done on that? Secondly, in response to Audit Scotland, some teachers said that the introduction of the administrative and support staff had had no impact. What do you say to that?

Mike Ewart: Overall, the milestone for support staff has been achieved. Donald Henderson can confirm the numbers if I am misleading you.

You refer to the responses that Audit Scotland received in its survey of individual teachers. It is perhaps unsurprising that more individual classroom teachers were unable to say that they had seen an immediate impact from the introduction of support staff. There are between

55,000 and 56,000 teachers and 3,000-odd support staff, so there is not always a direct one-to-one correlation. Many of those staff are doing administration for the whole school, which the individual classroom teacher would notice only in the negative, as being a burden that did not fall on them. Plainly, their impact would not be picked up by that kind of mechanism.

Through Dougie Atkinson and his colleagues, we have more detailed information about how support staff are used in individual circumstances. They have a wide variety of uses, and it is important that such variation is permitted. Overall, progress is being made on the number of such staff, and I am not unduly surprised at the outcome of the survey.

Mrs Mulligan: You say that support staff and administrators are being used in various ways. Are you satisfied with that, or would you like to make any changes to how they are introduced?

Mike Ewart: I do not think that at any stage of this process—or any of the other processes that the department has engaged in—I would allow myself to be satisfied. That is not in my job description. We take comfort in the fact that there are a range of different uses for such staff—that is precisely how we can develop the thinking within the system. It may be helpful for us to give you some examples of how support staff are being used. Dougie Atkinson might be able to do that.

The Convener: Could we please get that information in writing?

Mike Ewart: Indeed.

The Convener: That would be perfectly okay with us. We have another section of questions to ask and we are up against the clock. We are already going to run over time.

Mr Welsh: I take Mike Ewart's point about flexibility in the use of support staff. However, I have been told that the role of support staff is "muddled" and "unclear" in practice. What standard job descriptions exist for the different types of assistants? What training or guidance are teachers and/or administrators given in the use of assistants?

Dougie Atkinson: The way in which support services in schools are structured—the remits of the individual post holders and the work that they are expected to do—varies between local authorities. There is no overarching remit for a classroom assistant, a business manager or a school secretary; their roles vary. However, individual authorities have published remits for the tiers of the support service structure.

Mr Welsh: So the matter is up to each education authority to decide.

Dougie Atkinson: Absolutely.

The Convener: Will the teachers agreement communications team continue and, if not, how will good practice and lessons learned be disseminated in future?

Mike Ewart: The SNCT, the tripartite body, will need to take a view on the future of the current team. At some stage, we will need to move on from implementing the agreement to a new agenda, but we have made a clear commitment to continue the process of engagement. That is true for the range of ways in which the Executive engages with the education system. We will maintain the proper respect for local authorities' role but work alongside them and schools to provide examples and encouragement of good practice. That could be done in a range of ways, not only through the existing team, but through HMIE and the department's engagement with bodies such as the Association of Directors of Education in Scotland and the Convention of Scottish Local Authorities.

The Convener: Some local authorities have argued that funding difficulties will make it difficult for them to achieve the final milestone on reduction in class contact time, which was to be reached at the end of August. Are there any pressures from the efficient government agenda or other financial constraints that might cause difficulties in reaching that final milestone?

Mike Ewart: We are confident that sufficient resources are in place to achieve the implementation of the agreement. Obviously, each local authority faces a range of tensions in balancing the overall demands that are made on it. I do not pretend to speak for the local authority partners; I am sure that they have a particular view on the issue that they might want to give to the committee. However, we can say that we are confident that, in the overall distribution, sufficient resources are in place.

Donald Henderson: At the most recent meeting of the ADES human resources network, at which 20 to 25 local authorities were represented, I asked specifically whether authorities had implemented the class contact time reduction on time. All the representatives said that they had. I am not aware that my division has had a single letter on that. We need to maintain that but, despite the early worries, the early signs on implementation are good. The signs are better than they were when the first class contact time reduction took place in primary schools in 2004, when one or two teething problems arose.

The Convener: We now move on to discuss the concerns of teaching and support staff.

Margaret Smith (Edinburgh West) (LD): To continue on the topic of class contact time, it is

probably fair to say that there is a disparity in staff views on how well the measure has worked and what the impact has been on them. The measure appears to be working better for classroom teachers than it is for head teachers. What are your thoughts on that? Is the department concerned that 61 per cent of head teachers who were interviewed identified that they personally had had to provide cover for teaching staff? The issue seems to be even greater in the primary sector. Is it concerning that head teachers are being taken away from the other jobs that they have to do?

Mike Ewart: Obviously, we are aware of the anxieties that the head teachers associations have expressed. As you say, the concern is focused plainly on primary schools. However, the fact that primary head teachers give an element of time to classroom cover is not something that causes concern as a wholly new phenomenon or symptom. Nevertheless, we want to keep in touch with the associations about that, in order to monitor what is happening in schools and so that we can respond to any signals that would give us cause for concern.

12:00

Donald Henderson: I think that that is fair. We would be concerned about any significant reduction in management time and resource, and we need to keep in touch, particularly following the latest reduction in class contact time in August, to see what the impact of that has been in practice. We then need to discuss the matter with the SNCT and with the head teachers associations. Audit Scotland's data for secondary schools cannot be a commentary on class contact reduction, because there had been none in secondary at that point. There is probably something of a message in the data about primary, but it is probably not as simple as 60-odd or 70-odd per cent, because there will have been a baseline figure in there.

Margaret Smith: The information that we have received shows that the figures for deputies or heads reporting the need to undertake classroom cover are 71 per cent in primary and 40 per cent in secondary. I take on board what you say about its not being a new phenomenon, but it is obviously a question of scale and of whether there is an impact on management time.

I would also like to ask about the capacity of the supply pool and how supply has been working. That is linked to the use of probationary teachers and to the fact that newly trained teachers have a guaranteed year's teaching. There is a wider issue to do with whether those aspects of the agreement are working. Could you comment on that?

Mike Ewart: I am sure that everyone at the table would consider it a significant improvement that probationer teachers now have the induction that the agreement provides for, and that they do not have to make up their time to registration by undertaking supply work. However, that means that a creative response is needed to ensure the right conditions in the supply pool. The broad trend has been for authorities to move to having a much more managed supply system—in effect, a permanent pool of supply that is contracted for that purpose—rather than relying on ad hoc arrangements from school to school. Indeed, looking back, one wonders how that could ever have been the standard system for so many years; the approach is rather ramshackle. However, the use of permanent, managed supply pools is not uniform across the country and it may not be the best way for small authorities to go, so there may need to be some sharing of resource and administration. There is still work to be done to ensure that we make the most efficient use of that cover.

Margaret Smith: Are you working to review that area?

Donald Henderson: We encourage local authorities towards permanent supply pools, wherever that is feasible. The simple economic element of that policy is that, at the moment, there are high employment rates and low unemployment rates.

Short-term and relatively ad hoc work suits the life pattern of some qualified teachers and recently retired teachers, for instance. Three or four years ago, we did research on that. Those people value the availability of short-term ad hoc supply work, but graduates—and all those people are graduates per se—will not sit around for ever with unsuitable work patterns. We need to ensure that local authorities as employers react appropriately. Sometimes that will mean the employment of permanent supply pools, which we suspect should be used a bit more than they are.

Margaret Jamieson: I will dig into that a wee bit further. You said that the policy was to ensure that more teachers came through and that we had a pool of newly qualified teachers who were on the supply list. Mike Ewart talked about capturing enthusiasm. Are we not in grave danger of losing those individuals' enthusiasm and their commitment to the profession by having them languishing in supply pools when they do not know whether they will have work this week or next week and when they know that there is no prospect of permanent posts?

As part of workforce planning, what did the department build in for the rule change that will apply from next month, which will mean that people do not have to go out the door at the

normal retirement age? What impact will that have on NQTs? I have to say that I speak from personal experience.

Donald Henderson: I will pick up elements of what you said and Mike Ewart may respond. First, not all supply teachers are newly qualified teachers, but NQTs are one of the three main groups that our research identified. The three main groups are recently retired teachers, teachers who are returning to the profession from family breaks—frequently maternity leave, but also other life circumstances—and people who are relatively newly qualified. As a result of implementation of the induction scheme, the vast majority of supply teachers are fully qualified teachers.

We run annual workforce planning exercises to consider the teacher numbers that we expect to need. Two or three years ahead is about the nearest point for which we can plan in detail, from the time that we get people into university; over eight to 10 years, planning is done at a higher level. Our aim is to have a broad match between supply and demand. It is not in the Executive's or the country's interests to lack teachers or to have such an oversupply that people cannot obtain work, which would be a waste of individuals and of the public money that had been spent on their education.

Nevertheless, it is inevitable that some short-term work while people are relatively recently qualified will be necessary, although not for everyone. The GTC has collected figures annually on that for the past two or three years, which suggest that by about the mid-point of the autumn—so not quite yet in the annual cycle—very high percentages have found permanent work or are in long-term temporary contracts, some of which last to the end of the school year. People's ability to move round the country has a bearing on their position. Our job is to consider the national level and to consider regional patterns in so far as we can, but the extent to which we can do that to obtain a broad balance is limited.

You asked about the age discrimination legislation. Nothing has been specifically built in for that, but—and it is rather a big but—we consider the number at a given age who are in the profession from the annually updated information that we have and we project that into the future. If a given number of 62-year-olds were in the profession in the past, we look at how many 62-year-olds we would have and assume that the same percentage of them will be in work—there are numbers who work beyond 60. We do not expect the legislation to cause the numbers to change significantly, because there is no forced retirement at 60 for teachers. They can claim their pension at that age, but they are not automatically shown the door.

If there is a change, we know that we will pick it up—we are now doing that faster. One year's statistics automatically feed into the next year's workforce planning round.

Margaret Jamieson: Will you be able to monitor that and alter the numbers for teacher training quickly?

Donald Henderson: The main statistics that we use are collected at about this point in September. We will get that information in time for the autumn workforce planning round that we conduct in 2007, but that will not feed into the university intakes until 2008. Such time lags are almost inevitable.

I would dearly love to get the information in December to feed into the process, so that we were not missing a year. Although we are getting faster, we have not quite managed to crack that. However, the time lag is now only two years; at one stage, it was three years.

Margaret Jamieson: Is there a tracking mechanism that can assess how long it takes recently qualified teachers to get permanent posts or whether they leave the profession?

Donald Henderson: That is done in two ways. We work with the GTC, which has a statutory duty to provide advice to Scottish ministers on workforce planning issues. The GTC does an annual round that looks at the previous year's probationers. We can also chart, through the annual census and GTC registrations, those who stay on the register. If they do so for a number of years, that is a decent proxy indication that they are getting work. Why otherwise would they keep up their registration? We can also check how many are working in the census week.

Before the teachers induction scheme started, people took on average three years to become fully qualified. In the worst cases, people were in 60 schools before they became fully qualified. We simply did not have the capability to chart that, but we can do so now because we have had the induction scheme since 2002. However, I think that we can do more with those statistics.

Margaret Smith: The new career structure seems to have been welcomed more positively in the primary sector than it has been in the secondary sector. Do you think that you got that one right? In addition, the Audit Scotland report suggested that you should undertake research into possible reasons for the reduction in applications for head teacher posts. I would like you to respond on both those points and, in so doing, to take on issues around potential disincentives and the anomalies that the restructuring seems to have created. The review of job sizing caused a certain amount of concern in head teachers organisations.

12:15

Mike Ewart: There are two broad issues. One is the impact of the restructuring, which arose from the teachers agreement, on the previous management layers in the profession. It is not surprising that the restructuring has been accepted more easily in primary schools than it has been in secondary schools. The changes have had a greater impact on the settled patterns of secondary structures, so they require more creative thinking in that sector.

That is not an accident; part of the long-term thinking—as the agreement was negotiated—was that the secondary sector would have to do most thinking about the structure of the curriculum as it went forward. Indeed, that is where we are now. However, I do not doubt that there are real challenges. People have expressed their concerns about specific subject areas in the traditional curriculum. We have all seen coverage of that in the national and professional press.

The concern about the lack of people coming forward for senior leadership positions is certainly on our radar screen. Members would expect us to be concerned about that. However, we cannot trace a simply connectivity or causality between that issue and anything around job sizing or restructuring, and precisely the same phenomenon can be seen in other areas of the world in which job sizing or restructuring have not had to be taken into consideration. There does not appear to be a direct read-across in that regard.

There seems to have been a change in people's willingness to step up to leadership positions. We need to think about what that means and how it feeds into the work that the department is doing with other partners in developing leadership in the education system. Indeed, there may be a question about leadership more broadly in the public and private sectors. I simply reflect that, as well as an interest in developing leadership, there is a countervailing trend in a number of areas. At what would otherwise be the time in their lives when people would be thinking of moving to senior positions, they are thinking of downshifting and changing their roles. There is something in the broader culture that we need to address. That is not to duck the question; it is to say that we need to face it more broadly rather than simply to think that there is a straightforward connection.

Margaret Smith: I think that the committee has picked up on the leadership issue previously, so what you say probably chimes with us. Perhaps more people are thinking about downshifting because they are being told that they will have to wait for their retirement until they are considerably older than they once thought would be the case. That is my personal view.

The Convener: If there are no further questions, we can call it a day on this agenda item. I thank Mike Ewart, Donald Henderson and Dougie Atkinson for their evidence, which was well presented. Obviously, we will get some items—examples and statistical information—in writing later. The clerks will write to you to clarify those points.

We have three remaining agenda items, all of which we will take in private. I suspend the meeting for a couple of minutes to allow those in the public gallery and our witnesses to leave the room.

12:18

Meeting suspended until 12:21 and thereafter continued in private until 12:30.

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