

# **EDUCATION COMMITTEE**

Wednesday 1 October 2003  
(*Morning*)

Session 2

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## EDUCATION COMMITTEE

### 5<sup>th</sup> Meeting 2003, Session 2

#### CONVENER

\*Robert Brown (Glasgow) (LD)

#### DEPUTY CONVENER

\*Lord James Douglas-Hamilton (Lothians) (Con)

#### COMMITTEE MEMBERS

\*Ms Wendy Alexander (Paisley North) (Lab)

\*Rhona Brankin (Midlothian) (Lab)

\*Ms Rosemary Byrne (South of Scotland) (SSP)

\*Fiona Hyslop (Lothians) (SNP)

\*Mr Adam Ingram (South of Scotland) (SNP)

\*Mr Kenneth Macintosh (Eastwood) (Lab)

\*Dr Elaine Murray (Dumfries) (Lab)

#### COMMITTEE SUBSTITUTES

Brian Adam (Aberdeen North) (SNP)

Mr Richard Baker (North East Scotland) (Lab)

Rosie Kane (Glasgow) (SSP)

David Mundell (South of Scotland) (Con)

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD)

\*attended

#### THE FOLLOWING GAVE EVIDENCE:

Basil Haddad (Scottish Executive Education Department)

Peter Peacock (Minister for Education and Young People)

Philip Rycroft (Scottish Executive Education Department)

Ann Scott (Scottish Executive Education Department)

Ewan Swaffield (Scottish Executive Development Department)

#### CLERK TO THE COMMITTEE

Martin Verity

#### SENIOR ASSISTANT CLERK

Peter McGrath

#### ASSISTANT CLERK

Ian Cowan

#### LOCATION

Committee Room 3



## Scottish Parliament

### Education Committee

*Wednesday 1 October 2003*

*(Morning)*

[THE CONVENER *opened the meeting at 10:19*]

### Subordinate Legislation

#### Education (School Meals) (Scotland) Regulations 2003 (SSI 2003/350)

**The Convener (Robert Brown):** Good morning and welcome to the fifth meeting of the Education Committee. I remind members that we are in public session and ask them to switch off their mobile phones and all bleeping instruments of one sort and another.

The first item on the agenda is consideration of the Education (School Meals) (Scotland) Regulations 2003. The item follows a debate in Parliament on the instrument and is about implementation. We were due to have an Executive official in attendance, but the lady in question is not very well this morning, so we do not have an official present. The instrument is subject to the negative procedure, so we will have to take positive steps if anyone formally objects to it. Does any member have any issues to raise on the regulations?

**Members:** No.

**The Convener:** The regulations are designed to make changes as a result of other changes that were made at Westminster to bring things into line with regard to tax credits of various sorts for free school meals. Is the committee agreed that the regulations should proceed and that we are not going to invoke any procedure to try to stop them?

**Members** *indicated agreement.*

## School Transport Guidelines

10:21

**The Convener:** The next item relates to the school transport guidelines and is a hangover from the previous committee.

**Lord James Douglas-Hamilton (Lothians) (Con):** I advise the committee that I have been asked by the Presiding Officer to serve on the panel for the selection of the children's commissioner. I have been advised by the clerks that there is no conflict of interests, but I thought that the committee should be aware of the fact and I wished to put it on the record.

**Rhona Brankin (Midlothian) (Lab):** I, too, will be sitting on that panel.

**The Convener:** I think that, as the convener of the committee, I will be on it as well. Are there any other confessions to be made on the matter? As Lord James says, the declaration is not necessary but it makes the matter public.

**Rhona Brankin:** I should perhaps also put on record the fact that Graham Donaldson, the senior chief inspector for Her Majesty's Inspectorate of Education, is my brother-in-law. I will give him a really hard time when he comes here.

**The Convener:** Thank you for that.

Let us turn to the school transport guidelines, as I was trying to do before those slight diversions. The Scottish Executive has issued an amended guidance paper and we have three officials with us—they are out in full force today. The posse of officials includes Ann Scott, Ann Whatcott and Ewan Swaffield. It will not be necessary for you to make an opening statement unless there is anything that you are desperately keen to say to us. However, we would like to ask you one or two questions.

**Fiona Hyslop (Lothians) (SNP):** I am sure that the officials are aware of the two petitions on school transport that were submitted during the previous session of Parliament. Our predecessor committee wrote to the Executive, asking it to produce new guidelines. I notice that, in paragraph 20 of the guidelines, you acknowledge the need for councils to be more flexible in taking into consideration increases in the volume of traffic and in ensuring the provision of sufficient pavements, footpaths and other safety measures. Are there any cost implications to that? Will the Executive provide more support to enable local authorities to be more flexible in addressing personal safety issues?

**Ann Scott (Scottish Executive Education Department):** In the Executive's view, it is for the local authorities to decide how much money they assign to school transport issues. I do not think that the possibility of more money for more flexibility was raised with us.

**Fiona Hyslop:** The guidelines are welcome in that they make some movement towards recognising the need for more flexibility. Volume of traffic is an issue; in the past, many rural areas might not have had the volumes of traffic that they have now. We know that there has been a big increase in the volume of traffic, which has expenditure implications. We cannot put a value on safety—children are either safe or unsafe. Do you think that the guidelines have cost implications for local authorities?

**Ann Scott:** If local authorities feel that there are implications, they will let us know. I cannot offer any advice or guidance on whether further funding will be available.

**Fiona Hyslop:** I will give you a practical example from my area. In the Lothians, up to 15,000 houses will be built in the near future and in certain areas—in Livingston, for example—major new build happens on a regular basis. That means that there are safety issues in getting to school. Although the problems might not be permanent, the guidelines might have to address safety issues to do with major traffic that are arising here and now. In such a situation, do you envisage that local authorities will be a bit more flexible on their strict miles guidelines by indicating that a certain route will not be safe for a certain period, because of building-site work, for example?

**Ann Scott:** The guidelines encourage local authorities to be flexible and to take into account local circumstances when deciding on their transport provision. We would expect local authorities to examine individual circumstances and to reach decisions in accordance with their assessment of those circumstances.

**The Convener:** The funding is not earmarked in any specific way.

**Ann Scott:** The Scottish Executive provides annual funding to assist local authorities in meeting their statutory duty to provide school transport, but it is for each authority to determine the amount of funding that it wishes to allocate to school transport.

**Mr Adam Ingram (South of Scotland) (SNP):** Your response made me slightly concerned that there might be a lack of a systematic approach to the issue and that, as a result, we might get some variation in interpretation across the country. Should a risk assessment procedure that can be activated in response to parents' or public

concerns be established or should local authorities assess each transport route as a matter of routine—annually, for example—to take account of changing circumstances? The same could be said in relation to supervision on bus routes and the extent to which circumstances change over time after incidents. Do local authority processes incorporate a way of doing that systematically?

**Ann Scott:** I cannot answer questions about local authority processes.

**Mr Ingram:** Is there a role for the Executive to lay down such a system for local authorities?

**Ann Scott:** Our approach has been to encourage local authorities to be flexible in interpreting what they consider to be the major issues, rather than to try to prescribe what they should do. The Education Department suggested, when it wrote to the Education Committee's predecessor committee about safety last year, that trying to circumscribe the factors that local authorities could take into account might narrow their interpretation of such matters. I do not know whether either of my transport colleagues wants to add anything on that.

**The Convener:** Adam Ingram asked about further guidance. Am I right in thinking that there is a duty to provide transport under the 2 and 3-mile limits, but a power to provide it in addition to that if a local authority sees fit?

**Ann Scott:** There is a duty to provide school transport. The 2 and 3-mile stipulations relate to attendance at school and the distance beyond which parents might argue that it was not reasonable for their children to attend a school. Most authorities use those parameters when deciding whether to provide free school transport.

10:30

**Rhona Brankin:** I am interested in what guidance comes from the Executive. Local authorities are required to produce green transport plans when there is new build. For example, when a new school is built, a local authority must produce a green transport plan. Is not that the case?

**Ewan Swaffield (Scottish Executive Development Department):** I am not aware of a green transport plan being required.

**Rhona Brankin:** I could check on that. It might be something that comes from planning.

**The Convener:** My understanding is that the requirements are not as prescriptive as Rhona Brankin suggests. For example, there can be a desire or pressure to have transport provision for a hospital, but I do not think that there are any statutory requirements.

**Rhona Brankin:** I want to clarify whether there is any such requirement within planning provision.

**The Convener:** Do you want officials to come back on that point or do you want to pursue it yourself?

**Rhona Brankin:** Could the officials do that? It would be interesting to find out about that issue.

**The Convener:** They can do so.

**Dr Elaine Murray (Dumfries) (Lab):** My question refers to the Education (Scotland) Act 1980, which prescribes the 2 and 3-mile limits. In 2003, probably not many eight-year-olds will walk 2.95 miles through pouring rain in the pitch black of the middle of winter. Have local authorities raised with you or has the Executive considered the issue of changing the basis on which school transport is provided? For example, there could be a scheme that, like school meals, is based on the ability to pay. Some children would get free transport but the parents who could afford to pay would, for example, buy a bus pass for a term for their children.

The other approach surely encourages people, when the weather is bad, to use the parental car to take to school the eight-year-old who would otherwise have to walk 2.95 miles. If it were possible to purchase school transport on a bus, it might be possible to cut down on the car traffic that goes to schools in the mornings.

**Ann Scott:** I am not quite sure that I understand your point.

**Dr Murray:** What I am asking is whether the Executive or local authorities have raised the possibility of changing the legislative basis on which school transport is provided.

**Ann Scott:** I do not think that the legislation prescribes particular methods of providing transport.

**Dr Murray:** The legislation places a statutory duty, based on the 2 and 3-mile limits, on local authorities to provide transport. At the moment, a local authority could argue that it is appropriate for an eight-year-old to walk almost 3 miles to school in poor weather in the middle of winter. What I am saying to you is that the current legislation does not help to cut down the amount of car transport that goes backward and forward to schools.

**Ann Scott:** The 2 or 3 miles relate to school attendance; it is a different provision from the transport one. Those are the parameters that local authorities generally adopt when planning free school transport. However, the authorities are not required to stick to that. They can, if they wish, adopt a more generous parameter.

**Dr Murray:** I am aware that Strathclyde Region did so for a long time. Education Department circular 7/2003 refers to

“pupils who live outwith the statutory walking distance” as defined in section 42(4) of the 1980 act.

**The Convener:** That relates to attendance issues, which is the point that Ann Scott made. It is a sort of sideways way of coming at the subject. Am I right in thinking that the overriding duty is to make reasonable provision as the authority sees fit within what are, effectively, guidelines?

**Ann Scott:** That is correct.

**The Convener:** The point remains that there are currently no moves on the part of the Executive to make changes to that broad provision, other than what is contained in the guidelines. Is that right?

**Ann Scott:** Yes, that is correct.

**Mr Kenneth Macintosh (Eastwood) (Lab):** Before making my main point, I remark in passing that greater transparency might be needed. Everybody thinks that the provisions relating to walking distances of 2 and 3 miles are statutory. Clearly, however, they are not.

The guidance is welcome, but it does not take into account the environmental considerations that I thought might be considered. When you were drawing up the guidance, did you consider including the regard that local authorities ought to have to the environment around a school? That would cover the desirability of reducing traffic, which has a benefit in itself.

**Ewan Swaffield:** That was not put in the guidance, but a policy is in place to reduce the amount of traffic around schools through a number of initiatives, one of which resulted from the Scottish school travel advisory group's report that was published in February this year. We then undertook to fund local authority school travel co-ordinator posts—every authority in Scotland has taken up that offer. One of the duties of the people who hold those posts will be to consider the effect that authorities' policies could have in reducing the number of cars on school runs. Obviously, that will affect the level of congestion, the environment around schools and the health of pupils.

**Mr Macintosh:** I am encouraged to hear about that. However, I am surprised that there is not more about those matters in the guidelines, given that they clearly relate to a general policy objective of the Government. You might not be able to tell us more about that, but it seems like a bit of departmentalitis—or whatever we might call it—if, despite the fact that the transport division is pushing a set of policies, those policies are not being reflected in a document concerning education. This might be a question for the minister, but why is there not more in the guidelines about the need to reduce traffic congestion, particularly around the times when people arrive at and leave school?

**Ann Scott:** We try to strike a balance and to avoid overburdening authorities with long sets of guidance. We cannot include absolutely everything, as that would result in a very long document. We left out things that we would expect to be known about. Perhaps the committee feels that that was not the right decision, but that is the one that we took.

**Mr Macintosh:** I do not wish to put questions to you that perhaps ought to be put instead to a minister but, to pursue the point, would it not be worth incentivising local authorities on such matters? It would make sense for the Government to encourage local authorities to be more supportive of measures that get more children on to school transport or on to public transport in general, which would reduce congestion at peak times. It would be desirable if we could financially incentivise that. Are either the Education Department or the transport division thinking along those lines or discussing those issues?

**Ann Scott:** I should explain that, although the circular containing the guidelines is under an Education Department logo, it resulted from a joint exercise, involving both the Education Department and the Development Department. I would not like members to think that no consultation goes on and that we did not discuss the balance of different elements in the guidelines. I will take your points back with me, but I cannot offer a satisfactory answer.

**Lord James Douglas-Hamilton:** Inspectors have a role in examining education in schools, but is there also a role for inspectors or a comparable body to consider school transport to find out whether provision is consistent and to ensure that high safety standards are in place? Has that matter been considered?

**Ewan Swaffield:** I do not feel that I can answer a question on the details of the role of school inspectors.

**The Convener:** Is that issue part of inspectors' duties?

**Ann Scott:** To be honest, I cannot answer that.

**Lord James Douglas-Hamilton:** The Scottish school travel advisory group has been established, but it appears that it is merely advisory and has no powers to introduce mandatory measures. I wondered whether Her Majesty's Inspectorate of Education might have a role, but it seems that you have not formulated a view on that.

**Ann Scott:** I do not think so.

**Lord James Douglas-Hamilton:** I have a question about charging and undue hardship. The guidance appears to contain no examples of what would constitute undue hardship. Does the guidance have enough clarity in that respect? Is there a danger of inconsistency of approach?

**Ann Scott:** The question refers to an amendment to the Education (Scotland) Act 1980 that was introduced by the Local Government in Scotland Act 2003. Local authorities are expected to take circumstances into account when deciding whether or how much to charge for vacant places.

**Lord James Douglas-Hamilton:** Are authorities expected to make public the availability of vacant places and offer those places at a charge to parents?

**Ann Scott:** The authorities are expected to make vacant places on school transport available to pupils who are not entitled to free transport. I understand that some authorities may make such places available for no cost, whereas others will charge for the places. The 2003 act stipulates that, in setting charges, authorities should take into account parental hardship.

**Lord James Douglas-Hamilton:** If, after due consideration of the matter, you wish to give the committee further information, will you write to us?

**Ann Scott:** I will try to give in writing any further advice that the committee would like me to give.

**The Convener:** Are you saying that no central examples are kept and that the matter is one for local authority experience?

**Ann Scott:** Yes.

**The Convener:** I am not sure what information you want, Lord James. I wonder what additional information the officials can give us on the issue.

**Lord James Douglas-Hamilton:** If guidance is being given and if it is considered desirable to have consistency throughout Scotland, should not the guidelines be stronger? That is the root of my question.

**Ann Scott:** There is a tension between circumscribing what local authorities can do and encouraging them to respond flexibly to local circumstances, which we cannot necessarily predict.

**Rhona Brankin:** My question might be another one that we will have to ask the minister, but my understanding from the reply to a question to the minister with responsibility for transport last year is that a pilot project on yellow bus provision exists. What stage is that project at and have there been any results from it? What lessons can we learn from the pilot? Like Ken Macintosh, I think that it is important to give parents options to reduce the number of car journeys. One feature of the yellow bus system is that the drivers are required to be specially trained. One of the beauties of the scheme is that, although the buses are specifically earmarked for education purposes, authorities and schools can use the buses in other imaginative ways when they are not being used for the school runs.



**Ewan Swaffield:** Your question was about the pilot scheme. There are several yellow bus pilot schemes going on throughout the United Kingdom, one of which is in Aberdeenshire. The Department for Transport is evaluating all the pilot schemes and is in the final stages of preparing its report, which is due to go to the Secretary of State for Transport for approval shortly. We expect that report to be published in the near future.

**Rhona Brankin:** The schemes are being evaluated at a UK level.

**Ewan Swaffield:** Yes, but the evaluation includes the one Scottish pilot scheme.

10:45

**Rhona Brankin:** The results of that evaluation will be available quite soon.

**Ewan Swaffield:** Yes, although I cannot give you an exact time because that depends on the ministerial approval.

**Fiona Hyslop:** The report could have major implications for how we transport children to school. It could address the environmental concerns about the over-use of cars in the morning. Although the study is being done at a UK level, if the pilot was successful and we wanted to roll out the scheme across Scotland, that could result in another set of amended guidelines with recommendations.

**Ewan Swaffield:** We will have to wait for the result of the evaluation before we can comment on its applicability to Scotland.

**The Convener:** The study seems quite important and it might have a lot of implications. Do you know when it will be available?

**Ewan Swaffield:** As I said, the draft report is in its final stages. It is due to go to the Secretary of State for Transport within the next few weeks. I cannot indicate how long it will take for the report to be approved for publication.

**The Convener:** That might be something that the committee can look into later.

A question was asked about HMIE involvement in transport matters. When you write to the committee, can you confirm whether it has a role? I suspect that it does not, but it would be helpful to know for sure what the position is.

**Dr Murray:** Another issue is the discretionary powers that local authorities have in relation to transport for pre-school children. Is there any financial recognition of that for local authorities? Have local authorities made representations about the need for some form of reimbursement if they are going to provide such transport? We are expecting local authorities in providing that

transport for the majority of parents who want their children to attend pre-school education.

**Ann Scott:** The entitlement to free transport does not apply universally to schoolchildren. The Executive provides annual funding to assist local authorities, but it is for each local authority to determine the amount—

**Dr Murray:** Yes, but financial help is given if the local authority decides that it wants to take up that discretionary power.

**Ann Scott:** I am sorry, but I do not quite understand your point.

**Dr Murray:** You are saying that the Executive assists councils in providing such transport.

**Ann Scott:** I understand that for 2002-03 the total amount spent by local authorities on school transport was almost £100 million, so councils do receive assistance from the Executive.

**The Convener:** I have a linked question about special schools and special educational requirements, particularly with regard to the movement away from individual special schools towards more mainstream provision. Has the guidance on transport caught up with that in relation to the ability to transport children with physical difficulties on school buses and the eligibility of children with educational problems who might require more than just the average form of transport? Have those issues been taken into account in the guidance or should the committee come back to them?

**Ann Scott:** The circular does not specifically deal with the needs of disabled children. I could take up that issue with my colleagues.

**The Convener:** I had in mind issues such as whether school buses have low-deck access to assist children who have walking difficulties, whether buses have wheelchair access and whether children who live within the 2 or 3-mile zone might require to have special transport needs taken account of. I would have expected, in these days of mainstreaming and inclusion, that those areas might have formed a major part of the guidance.

**Ann Scott:** I am not sure whether those issues would be best addressed in a circular that dealt specifically with transport.

**The Convener:** It would be helpful if you could give the committee some indication of how that would be dealt with. Is there guidance, albeit in some other direction? What is the basic provision?

**Ewan Swaffield:** That is not something that I am familiar with, but we can make inquiries and get back to you.

**Ms Rosemary Byrne (South of Scotland) (SSP):** More and more young people from special schools are being placed in mainstream schools, sometimes splitting their time between the special school and the mainstream school. That has huge implications for transport costs, as transport for those young people might have to be provided at times other than the normal bus times and, sometimes, taxis might have to be used. Is funding available to help local authorities to deal with that?

**Ann Scott:** I cannot answer questions about policy and provision for disabled children, but I can make inquiries.

**The Convener:** I am conscious of time, as we have yet to speak to the minister. I will allow two further questions.

**Fiona Hyslop:** I am conscious that some of the issues that we are asking about are to do with cost and policy as opposed to guidance. However, the fact that we now make provision for nursery education for three and four-year-olds obviously raises an issue. Guidance is tied to legislation and the legislation is about attendance. Is the fact that it is not compulsory for three or four-year-olds to receive nursery education the reason why the guidance does not cover transport provision for those children? Perhaps some of the points that we are raising are in fact policy and legislation issues as opposed to guidance issues.

**Ann Scott:** I can take that point away with me, but I cannot give you an answer at the moment. To be clear, though, are you saying that you would like there to be guidance specifically on transport provision for three and four-year-olds?

**Fiona Hyslop:** I am talking about guidance on provision for special needs children and three and four-year-olds, because if the Government is pursuing its mainstreaming agenda, there will be implications for those children.

**The Convener:** It would be useful if you could give us an indication of the current thinking on that matter.

**Rhona Brankin:** Will guidance be given to local authorities in that regard? Will that guidance incorporate the terms of the Disability Discrimination Act 1995? I am not sure how these things work.

**Ann Scott:** I know from previous posts that I have held that there are codes of practice relating to provision for children, students and adults with disabilities. I cannot answer questions on the Education Department's policy on transporting children with special needs, but I can refer the question to the appropriate people.

**The Convener:** I thank our witnesses for their assistance. I am afraid that there are a lot of issues on which you will have to come back to the

committee. There seems to be a theme about the extent to which the routine rolling forward of amended guidance takes account of relevant issues in other areas. I am sure that the Executive will take that on board. Rather than holding us up today, I propose to put this item on the agenda for our next meeting so that we can consider whether we want to do anything further. Is that acceptable to the committee?

**Members indicated agreement.**

## Proposed Education (Additional Support for Learning) (Scotland) Bill

10:54

**The Convener:** Item 3 relates to the paper on the taking of evidence when the proposed Education (Additional Support for Learning) (Scotland) Bill is introduced. The committee and members of the public will be aware that we have done some pre-legislative work on the bill. We will advertise for written evidence in due course and will choose witnesses from whom we should take oral evidence.

We might be able to avoid wasting time if we invite a number of the obvious interests to give oral evidence in the period immediately after the publication of the bill. Suggestions are before the committee as to the witnesses from whom we might hear on the three dates in November that are listed in the paper. The suggested witnesses include representatives from the Executive, service providers and professional and voluntary groups.

I suspect that the matter should be relatively straightforward. Does anybody disagree with any of the proposals? It is not a final list of witnesses; it is a kick-off list of witnesses.

**Rhona Brankin:** I believe that George McBride is the person who deals with the area for the Educational Institute of Scotland. He has been involved in the area for many years and, if the committee agrees, I would like to hear his views.

**The Convener:** We had it in mind that the Scottish Trades Union Congress might give us some guidance on the proper people to ask, given the plethora of unions involved.

**Rhona Brankin:** George McBride has been involved in the matter for many years at a Scottish level.

**The Convener:** The clerks have noted that.

**Ms Wendy Alexander (Paisley North) (Lab):** I understand why the first three evidence-taking sessions have to feature the usual suspects—the people who talk rather than the people who do. It is true that the programme of committee visits enables us to go out to talk to people in the field, but I think that, in our later meetings, we should bring in some of the people who provide the service to talk to the committee. The slight risk involved in our going out to see them is that the evidence is not captured in quite as meaningful a way. Even though some of the evidence may be written down, it is not on the record for the

committee in the same way. In the back-end evidence-taking sessions, I would like us to consider that, in addition to mainstreaming children with special needs, provision is increasingly geared towards providing additional support for learning, mainly around the behavioural agenda. Different practices are emerging in different schools and institutions to deal with that. In one of our evidence-taking sessions I would like us to investigate best practice in respect of the way in which support for behavioural issues is being offered.

**The Convener:** That is a valid point, but we should probably make that decision when we agree who should give oral evidence at the meetings after the more general kick-off sessions.

**Ms Alexander:** I see that there will be up to seven evidence sessions, and I am just putting down a marker for the clerks as to how they should deal with the subsequent three sessions.

**The Convener:** Absolutely. Our intention is to avoid wasting time between the publication of the bill and our receiving the written evidence. We want to get on and take evidence from people who clearly have views on the bill and whose evidence will be fairly well prepared.

**Mr Macintosh:** I have no difficulty with the list of suggested witnesses, other than their number. I am aware that during the previous session, committees sometimes held fairly unwieldy meetings. It appears that there are too many people giving evidence at the meetings on 12 November and 19 November.

**The Convener:** It is proposed that there will be panels of witnesses at those meetings.

**Mr Macintosh:** I have sat in on many such evidence sessions, and I have to say that there is very little chance of our getting something meaningful out of the meeting on 19 November, given the proposal to take evidence from eight different groups. That will not work. They are all important witnesses, but we must divide up the evidence sessions in a way that works. I am not saying that we should not have witnesses from those organisations, but the dynamic of the committee is important.

**The Convener:** By that time, we will have received written evidence from those organisations in preparation for the committee's meetings. We intend to have two panels at each meeting. I am not sure whether I agree that that is not workable, as I have seen that done reasonably well in other committees.

**Martin Verity (Clerk):** It is a question of experience. As a clerk, I have seen meetings that witnesses attended in panels and meetings at which witnesses gave evidence one after another.

Panels can work, but a danger arises if a panel is too big. The panels could be limited to three witnesses each, but that is up to the committee.

**The Convener:** It is not necessarily intended that we will hear from the organisations that are listed in the briefing paper. They are just examples of organisations that fall under those headings.

**Fiona Hyslop:** The committee must be conscious that it will have to spend a great deal of time on stage 1, which will mean meetings that start at half past 9 and continue until 12 or 12:30, which allows for panels with only three witnesses. We could have three one-hour sessions or two sessions of one hour and a half. I support the recommendation in the briefing paper, which is manageable.

I echo Wendy Alexander's point. When we reach the last three or four meetings, the witnesses must be people who deal with the subject from day to day. We must start to trawl for them now.

Can we ensure that, on 5 November, the Executive officials brief us on the financial memorandum, which we have identified as crucial? We might want to return to that, but we must hear from them about it.

**The Convener:** I do not want to go into issues that we might discuss later. Can we concentrate on the present issue? Would Ken Macintosh be satisfied with restricting the number of witnesses on panels to three? Would that be fine?

**Ms Alexander:** We should have one witness per organisation.

**The Convener:** Yes. The intention is not to have more than one witness from each organisation. Do we approve the paper and give the clerks a steer on organising witnesses for the November meetings?

**Members** *indicated agreement.*

## Adviser

11:01

**The Convener:** Agenda item 4 is on appointing an adviser, which we have discussed before. I hope that the report is fairly straightforward. As members have no questions on it, do we agree to submit it to the Parliamentary Bureau?

**Members** *indicated agreement.*

**The Convener:** We will break for a quick cup of tea and return as quickly as we can.

11:02

*Meeting suspended.*

## Budget Process 2004-05

11:33

*On resuming—*

**The Convener:** The Minister for Education and Young People was expected according to our records at 11 am and according to his records at 11.30 am. There has been an element of confusion among those who are responsible for the arrangements, but that is not the minister's fault.

Mr Peacock must leave by 12 to 12.15 pm, so the time scale is fairly tight. I suggest that we change the order of the agenda items and take the budget process first, as it is a statutory requirement that we must deal with today. If we have time, we will come back to the school discipline paper; if we do not have time, we can consider the item at a future meeting. After all, the original intention was to consider the report with Executive officials present and we accommodated the item in today's agenda simply because the minister was attending the meeting. With the committee's permission, we will take the budget process next and then review the situation.

I think that Peter Peacock has a few introductory remarks to make before we move to members' questions.

**The Minister for Education and Young People (Peter Peacock):** I, too, regret that there has been some misunderstanding if it means that the committee's time will be constrained. I am more than happy to stay as long as I possibly can to cover all the ground.

I am aware that this is the first time that I have formally appeared before the committee. As a result, I want to put it on record that I very much look forward to working constructively with the committee. We are more than happy to do everything we can to supply information to aid members' deliberation and to ensure that communication is as free and as open as it can be. For the most part, I genuinely enjoy appearing before committees, although I will reserve judgment until after today's evidence-taking session.

**The Convener:** We cannot be doing our job properly.

**Peter Peacock:** Quite so. As I said, I look forward to working with the committee.

In the spirit of co-operation, I will ditch the opening statement that my officials prepared for me, because I realise that you want to get on with things. However, I draw the committee's attention

to a number of points. Members have received the draft budget document and will be aware of the overall plans for 2004-05, 2005-06 and so on. It is clear from the level 2 figures in tables 3.01 and 3.02—the second of which gives the figures in real terms—that our spending plans in education and children's services continue to grow pretty significantly, which reflects the very high priority that the Executive attaches to its education services and to supporting children in the community. As far as education is concerned, I want to keep improving standards, attainment and a range of other aspects.

The draft budget shows that there is funding for far better school estate provision than we have seen for generations. Moreover, notwithstanding the fact that school rolls are declining, there is funding for extra teachers to meet partnership commitments to have 53,000 teachers in the system, which will also help us to meet the Executive's key priority of reducing class sizes. The budget also contains funding for better training for teachers and better support for their professional development. That major set of changes has been introduced over recent years.

The budget also contains funding for a better induction process for teachers. Compared to the system that existed in the past, the current probationer induction scheme is quite superb. Indeed, I understand that we are leading the world in that respect. Furthermore, we have better paid and better motivated teachers in the classroom, which has created a very different educational climate from the one I experienced in the previous Parliament when I was Deputy Minister for Education and Young People. Members will recall that we were then on the verge of a national strike and that there were very difficult relationships in schools. That situation has been pretty much transformed, partly because of the cash that we are putting in to aid such priority areas.

The other growth area in the budget is support for children in the wider community to ensure that we have adequate child protection systems and that we establish support mechanisms early for young people. We are also trying to find better ways of integrating our funding streams to ensure that we address real priorities in the community and that we are not artificially dividing the funding streams in bureaucratic ways, which is something that we have been somewhat guilty of in the past. We are trying to move to a more integrated funding route. One of the key areas of responsibility in the budget plans for which we have increased provision is social work training, where there are particular issues.

The vast bulk of funding for the education system, which amounts to more than £3.4 billion a year, comes into our coffers and is immediately

distributed to local authorities. By comparison, the departmental totals in the budget run to a few hundreds of millions. Nevertheless, we still have some flexibility and are able to stimulate change in the system through, for example, the national priorities action fund. Just to be clear, I should repeat that although we have a small proportion of the total spend, the bulk of the funding goes straight out to local authorities.

That is all that I need to say by way of context. I am more than happy to answer any questions that members wish to raise. You will be aware that there is a huge amount of detail below the surface, and I suspect that I shall call upon my officials not infrequently to help me with the detail. There may be some things on which we just have to say, "We'll need to come back to you about that." If there are questions that we cannot answer today, we shall come back to the committee as quickly as we can.

**The Convener:** Thank you.

An issue that the committee will have to tackle is the problem of tracking budget spends across different headings over a period of time. It can be difficult to pick information out, not just in the education budget but in other budgets. We have picked up on the difficulty of tracking expenditure since the establishment of the Parliament in 1999 because of the changed methods of reporting. To put the matter in context, could you indicate whether the Executive is, or will be, in a position to provide further information to the committee about longer-term trends in education spending and the effectiveness of that spending over the period since 1999?

**Peter Peacock:** Just before we came to the meeting, I was discussing with officials our ability to do much more comparative analysis of how our spend is deployed over long time horizons and of the effect of that spend in delivering the outcomes that we seek. We need to do more on that, and I know from the finance portfolio that I held that the Executive as a whole is looking much more closely at how we can ensure that we track spending properly. In addition, through the budget process and by setting out clearly in the budget documents our objectives and targets, we give you the capacity to grill me pretty thoroughly in a year's time on whether we are achieving the specific targets that have been set out. We must ensure that we can do that as part of our internal discipline.

One of the other things that I suspect we need to keep an eye on is how well we do in comparison with other nations. We very often cross-refer only to England and Wales—there is nothing wrong with that, as that system is a close comparator—but we need to keep an eye on how we are doing more generally. We are investing huge sums of

money in education and we need to ensure that we are getting the returns that we want from that investment.

**Ms Alexander:** I have two questions, the first of which is a general question on exactly that issue of how we examine long-term trends. I am glad that you mentioned other countries. As you know, I take a strong interest in Ireland, where there has been an interesting debate about the drivers of educational productivity in the Irish system over a 10-year time horizon. If we are trying to make choices about such things as the school leaving age, the balance between primary and secondary investment or the balance between investing in teaching and investing in infrastructure, those choices must be informed by some sort of evidential base that is longer than just the past three years.

Our budget adviser may say, "Please ask the Executive about trends since 1999," but if we in the Parliament and the Executive do not take some responsibility to try as best we can to communicate what we have spent over a longer time horizon, how can we expect any third party to do it better than we will? Given all the data difficulties, if we do not do it, who is going to do it? That is quite important source material for some of the longer-term judgments that we want to make, given that the partnership is clear that education is a long-term, rather than a short-term, driver of change. Elaine Murray and I both sit on the Finance Committee, which has shown an interest in that area, but it feels that it would be better if departmental ministers were able to tackle those issues internally within the Executive. We realise that there will not be perfect precision, but it is better if we make some progress in the area, rather than simply leaving it to third parties who, inevitably, will know less than the Executive does. As you say, your past responsibilities make you well placed to take on those issues.

**Peter Peacock:** I welcome that emphasis. As Wendy Alexander says, some of the investments that we are involved in, such as the early intervention work that started just three or four years ago to support better literacy and numeracy, will take quite a long time to produce qualitative changes in outcomes. It will take a long time for the process to mature and for us to see how the investment is bearing fruit. Anecdotal evidence about such investments is extremely positive, but we have to be pretty rigorous about how we analyse that over time.

I welcome the approach of the committee, if it takes it. You will receive our co-operation.

Wendy Alexander made a useful point about productivity. We need to examine that, but we need to be clear about the measures that we use. For example, it is pretty obvious that our unit costs

in education are rising, as a function of falling school rolls, rising expenditure and rising teacher numbers, but that is a clear policy choice. It is a choice to make better investment and to target interventions to reduce class sizes. A simplistic, one-dimensional measure of productivity shows that our unit costs are rising and that we are becoming less productive, but the attainments at the end of that must be factored in. The concepts and processes are complex, but I am more than willing to engage.

Wendy Alexander made another good point. We are faced with real choices at any given point in time. The point has been made about the school estate versus teachers. Decisions such as that are real decisions. In the end, that is what politics is about; it is about reconciling competing demands. The school building situation that we inherited was such that we simply had to act, because the estate was dilapidated and had been inadequately maintained. That was the legacy of 1960s and 1970s building. Equally, we had to act on the teaching profession. We are being driven by external forces to a significant extent and by what we inherited, but I am more than happy to enter into the dialogue that the committee would like to have on those issues.

11:45

**The Convener:** It may not be an issue for today, but we would be interested in any insight into the Executive's research or other investigations into the longer-term trends, and the information that is coming out of that.

**Peter Peacock:** We can come back to you with a note about that.

**Fiona Hyslop:** You mentioned the unit cost implications of policies. The majority of education spend comes not from your budget, but from grant-aided expenditure. At what point can you influence the GAE calculations, bearing in mind the fact that different parts of the country have different pressures? For example, here in Lothian we have a big increase in the younger population, which means that there will be a different unit cost implication here from elsewhere in the country. Do you have any influence on that? Are you discussing that with your colleagues?

**Peter Peacock:** As a former local government leader and finance convener who used to hire consultants to try to win my authority more resources out of GAE, I know that that is a completely unproductive exercise, because there is no right answer on how to distribute cash between local authorities. Every local authority will find a way to argue for slightly more, because certain factors are more dominant in its area than elsewhere. For example, on the one hand sparsity

dominates the way in which some of the calculations are made, and on the other hand deprivation dominates. Those factors often act against each other in the system.

We have well-established procedures with the Convention of Scottish Local Authorities and others to bring in technical experts on occasion to work on whether the present distribution formulae are correct. If circumstances in society are changing, we try to seek out data on that. Scientific and mathematical techniques are involved in correlating current and past expenditure as a sort of proxy measure of need. However, there is usually little change at the end of the day, because dramatically changing the distribution affects services in particular areas, so we tend to dampen the effect of changes.

You will be aware that a review of local government finance is pending. I am sure that one of the issues that will arise is the way in which cash is distributed. There are constant discussions, arguments and debates between local authorities about that. It is a difficult area for anyone to change dramatically.

It is apparent in Scotland that for any aspect of local government spending—education, social care and children's services are not untypical—the unit cost of service delivery in our more remote communities is dramatically greater than in our more urban communities. Principally, that is driven by geography and the size of our communities. If you go the Highlands—an area that I know well—you will find six schools with a school population of much less than one school in Edinburgh, but that means you have six school buildings, different staffing requirements, transport arrangements and so on, so unit costs in rural Scotland are high.

Equally, in parts of urban Scotland, extra cash goes in to recognise deprivation. One of the grant distribution mechanisms relates to teachers in deprived communities. There is roughly £50 million in that budget line, of which about £30 million—I think—goes direct to Glasgow City Council in recognition of Glasgow's particularly deprived circumstances. There will be high unit costs in parts of Glasgow because extra resources are put in due to deprivation, and there will also be high unit costs in rural Scotland. It is virtually impossible to do the distribution on a unit-cost basis, because we must consider the underlying needs that drive the system. It might be of interest to the committee if we were to provide some of the unit costs broken down so that members could see them. They are dramatically different in different parts of Scotland.

**Fiona Hyslop:** Let us move from the broad to the narrow. Table 3.3 on page 47 of the budget document shows the level 3 expenditure. The schools expenditure seems to decrease

dramatically. It increases up to 2004-05 and then goes down from about £50 million to £36 million. Why is that the case? Do prudential borrowing issues have an impact on that budget line?

**Peter Peacock:** I asked my officials exactly the same question, because it was not apparent to me that the schools line should decrease. I reassure you that the figure that is given for the third year, 2005-06, will go back up. The apparent reduction is a consequence of the prudential regime and the consequentials. The change to the way in which we will count and score borrowing in the future gives us a consequential, which will be fed back in to bring the line back up. Philip Rycroft is more of an expert on that point than I am.

**Philip Rycroft (Scottish Executive Education Department):** Cathy Jamieson made an announcement on 3 February to tell councils what allocations of capital spend they would get. In effect, that line goes back up to £76.7 million.

**Fiona Hyslop:** In that case, are you looking at another £50 million of prudential borrowing in that year?

**Philip Rycroft:** It is a consequence of the prudential regime. It is not borrowing, but extra cash.

**Peter Peacock:** This is a draft budget and I hope that the figure will be corrected so that it is clear by the time that we get the final version.

**Ms Byrne:** My question is on early intervention. I will be interested to monitor progress on that, although I realise that it will be some time before we know exactly what the impact has been.

I wonder whether it is worthwhile to suggest that we look at what is happening in Finland, bearing in mind the fact that it is top of the educational performance list in Europe. Finland's policies for early-years education are radically different from ours, but its results stand up well. It is interesting to consider that, for example, young children in Finland start formal education at the age of 7 and pre-school education at the age of 6, with a maximum class size of 20. Compare that with the results that we get in our early intervention, with the amount of finance that has been put into it.

We might need to consider class sizes, because we still have primary 1 and 2 classes with 30 pupils, although they get additional support. I wonder whether smaller classes of 20 pupils would be better and might give us a better return for the finance that is put in.

**The Convener:** Let us not wander too far from the subject of the budget.

**Peter Peacock:** I am happy to consider Finland and other countries. We must look at different approaches and consider the outcomes of the

choices that countries make. As Rosemary Byrne rightly says, we are putting additional support into our primary and early-years education—for example, we have classroom assistants and additional specific learning support. As members know, as part of the partnership agreement, we are heading for reductions in class size in primary 1, with a maximum of 25 pupils. We have a mix of different approaches. We need to take a long-term view of our performance to ensure that we make valid comparisons.

**The Convener:** We move on to the question of additional support for learning, which James Douglas-Hamilton wants to pursue as part of our emphasis on the proposed Education (Additional Support for Learning) (Scotland) Bill.

**Lord James Douglas-Hamilton:** We regard additional support needs as a matter of great sensitivity. Why is there a new line for additional support that did not appear in previous budget documents? Has that been separated out from the pupil support and inclusion category? What exactly does it cover? On what basis has the expenditure been estimated?

**Peter Peacock:** I will get Philip Rycroft to deal with some of the detail of that. However, I make the general point that we are making additional provision overall for additional support needs. We realise that we need to move forward and have some provision for what we think might be extra demands on the system as a result of the work that we are doing. I will be happy to tell the committee about that provision once we have introduced the Education (Additional Support for Learning) (Scotland) Bill.

We have secured the future funding of the seven special schools in Scotland. Lord James Douglas-Hamilton has spoken about that in other forums and debates. He was intimately involved in supporting that funding when he was the Scottish Office minister with responsibility for education. The question of that funding will not be reopened for a number of years. We have guaranteed continuity for those schools. In the specialist sector, we will maintain the funding and work with the providers to work out the best way in which to handle that in the long term.

I ask Philip Rycroft to pick up the points about the specific figures in the budget.

**Philip Rycroft:** The explanation is straightforward. The budget line reflects the increased importance of that area of work. What was formally one division in the Executive has been split into two because we have the Education (Additional Support for Learning) (Scotland) Bill to manage and because of the huge importance of the additional support needs agenda. The budget lines now reflect the fact that there are two



divisions with two separate division heads. The division of funding between them simply followed the lines of the separate responsibilities. Under the ASN line, we have all the funding that is associated with special schools and supporting special educational needs. There is also funding for inclusion under the national priorities action fund, which is a rising line over the spending review period, as well as the GAE funding for special needs.

**Lord James Douglas-Hamilton:** We do not know exactly what the bill will contain. Is sufficient funding and flexibility built into the system to ensure that if, in due course, Parliament or the minister were to take the view that transitional provisions would be needed for those with records of needs, funding would follow the pupils concerned?

**Peter Peacock:** I think that I am correct in saying that the bill goes to the Presiding Officer this week for his consideration. As I understand it, the bill lies with him for three weeks. We will therefore introduce the bill towards the end of October.

I am acutely aware of the point that you make on transitions. I am also acutely aware of the concerns of a significant number of individuals with children who have records of needs and what the system might mean for them. It is important to separate the services that such children get from the process by which they get those services. The new system of co-ordinated support plans will, I hope, provide a much more dynamic mechanism for assessing and making provision for young people with additional support needs.

I am anxious to say and happy to put on record that, in the transition, there should be no loss whatever of services that any child with a current record of needs receives. I will make that much more explicit as the bill progresses. All such children have been assessed as having particular needs and they currently receive provision for those needs. That provision simply should not alter, other than where it has to alter for professional reasons to give more support to the child or because the child's circumstances are changing. I am clear that we need to give that guarantee to parents and am more than happy to do that. The resources are currently in the system, supporting young people with records of needs.

**Mr Macintosh:** I too was pleased at the announcement—I think that it was made by your predecessor, Cathy Jamieson—that the special schools will continue. Although there are issues to be addressed, it was important that the future of those schools was guaranteed, because schools such as Donaldson's College and the Craighalbert Centre provide an excellent education.

However, there are still underlying issues about the transparency of funding to special schools throughout Scotland. There is not a level playing field for a school such as Clippens School in Renfrewshire, or for schools that provide a national service such as Struan House in Alloa. I hope that, although the future of special schools is secure, steps will be taken to ensure equity and fairness of funding across the board. I welcome any work that is being done to ensure that.

I want to pick up on a point that Fiona Hyslop made. I appreciate the fact that funding for local authorities is needs driven and historically based, and that account is taken of the important factors of deprivation and sparsity of population. However, in areas that have growing populations and successful schools there is a tendency for that achievement—which often attracts pupils to schools—not to be rewarded. The current system tends to lag behind. Although I would not go as far as to say that schools are punished for their success, the funding certainly takes a long time to catch up with their success in attracting pupils.

The budget for Gaelic is difficult to follow. On page 46 of the budget document, reference is made to

“£3.5m to continue to provide members of the Gaelic community with access to education in their own language”,

and there is a reference on page 56 to a specific grant of £2.84 million. The document also contains a commitment to increase the number of children receiving Gaelic-medium education by 5 per cent a year; however, the budget will remain static. First, could you please explain the Gaelic budget? Secondly, if there is no increase in the budget, how are we to meet our target for more Gaelic learners?

12:00

**Peter Peacock:** You are tracking exactly the same ground that I have been tracking with my officials over the past few days—it is remarkable.

I look to my officials to help me with the technical detail of this. We have given a budget to Bòrd na Gàidhlig, and part of its decision making has been to increase the share of its budget that goes to Gaelic-medium schools. I think that you will find that the line is rising. I will come back to the convener with a specific note on that, as it is a particular interest of mine. I want to ensure that we are not constraining the provision.

The challenge in Gaelic-medium education is not funding, as local authorities put up significant sums of funding and our specific grant aids the process, but finding Gaelic-medium teachers. We are working on that and trying to increase the supply of those teachers, and new training courses are starting in the Highlands and Islands.

The University of Aberdeen is trying to attract people into the profession who can study part time, which will allow them to stay at home.

We are making efforts in that direction, and I will write to the convener on that unless my officials can answer the question right now.

**Basil Haddad (Scottish Executive Education Department):** A total of £14.2 million has been ring fenced for Gaelic—

**Peter Peacock:** It is pronounced “Gallic” in Scotland.

**Basil Haddad:** Sorry, “Gallic” is probably the better thing to say in Scotland.

The specific grant is part of the figure that you mentioned. There is also something like £8.5 million for Gaelic broadcasting and £2.5 million for Gaelic organisations, as well as £0.3 million for pre-school Gaelic provision and £0.2 million for secondary school Gaelic provision. Altogether, there is about £14.4 million for Gaelic.

**Mr Macintosh:** What budget does the £3.5 million on page 46 come under?

**Peter Peacock:** I will write you a note of clarification on that.

**Mr Macintosh:** The teacher training budget is not part of that money.

**Peter Peacock:** No, it is not part of that.

**Mr Macintosh:** When the proposed Gaelic bill is introduced, will separate provision be made for it over and above what is mentioned in the budget document?

**Peter Peacock:** You will have to wait and see. We hope to publish the Gaelic bill very soon. It will be a draft bill for consultation and will not be introduced to Parliament for quite some time. A complete financial memorandum will accompany the bill relating to any new provisions that it makes.

I want to pick up two other points that Ken Macintosh raised. I recognise clearly the issue relating to GAE and population growth. In certain authority areas—one of which Ken Macintosh represents and one of which is in Wendy Alexander’s constituency—the population is growing dramatically. The population is also growing in parts of West Lothian, in Aberdeenshire and elsewhere. Although factors are built into GAE calculations to reflect sparsity and deprivation, those are usually known as secondary indicators as they adjust a primary allocation. The primary allocation of resources is done on the basis of the school population, so it is reflected in the amount of money that the local authority receives.

However, you are quite right. The way in which the system works means that there might be a

delay of a year or two because of the evidence that is required to adjust the system. Equally, where the school population is decreasing, there is a delay in the loss of grants so that services can be adjusted. Quite a lot of movement takes place over the piece, but the base calculation takes account of the rising population.

There are special schools that are part of the national funding, but there is an anomalous situation whereby other similar schools are not. That is why my predecessors were looking for a way of redistributing that grant more equitably. It came to be recognised that the process of doing that created much uncertainty about those institutions and we wanted to remove that uncertainty. That is why we have adopted the policy that we have. We will continue to examine how we make provision for special schools but we are not seeking to change the funding of existing schools. As I said, part of the reason for that was that the way in which we were thinking about that was creating uncertainty and we do not want that.

**The Convener:** I have a question about transparency and the budget; I know that that is difficult because of how the local authority spend goes across departments. The committee is likely to be interested in early-years learning and care. That is particularly difficult because of the fragmented nature of provision.

The other issue concerns young people, uniformed and non-uniformed organisations and youth services. It has been suggested that there has been a decline in spending on that area, but of course that is difficult to track. Has the Executive done any work on that? I know that there is conflict because it is difficult to ring fence funds at local authority discretion and at a local level. Is the Executive doing research in those areas? Could we get a clearer view of the spend in some of those areas? We need to get more of a handle on early-years and young people’s funding.

**Peter Peacock:** The specific point is that although we distribute cash to local authorities, and make certain assumptions about that cash flowing to early-years organisations or to the voluntary sector, that does not necessarily happen.

**The Convener:** There are two elements—the allocation that the Executive thinks is going into a specific area and the reality of what happens, in terms of annual sideways displacement of funding.

**Peter Peacock:** Unless someone tells me that it is not possible, we can make available the assumptions that underlie our allocations. From my previous portfolio, I know that the Finance Committee was starting to do a lot of work to examine some of those issues and track the effect of our assumptions in funding distribution on the

services on the ground. At that stage, the Finance Committee was considering differences between the ways in which the health service works as opposed to local government.

I am sure that we can tell you what our underlying assumptions are, but we then run into the point that you have made—one of the great assumptions about the way in which we distribute local authority resources is that the local authorities are best placed to decide their priorities, albeit within a national framework. In the past, there has been a temptation for the Executive to ring fence funding but that is widely regarded as unhelpful because it creates artificial barriers at the local level.

We are moving towards outcome agreements, which are more explicit about the outcomes that we are seeking from the investments, but the means by which those outcomes are reached are left to the local authority.

Things are moving on even further in the context of education because of the improvement framework for national priorities that was agreed by Parliament under the Standards in Scotland's Schools etc Act 2000. We are discovering that the process of getting objectives set by the local authorities coming to the Executive within the national priorities framework, and the Executive analysing what the local authorities are saying and having extensive discussions with them about whether they are achieving the outcomes that we seek under national priorities, is giving us more insight into where the cash is going and whether it is hitting the right areas.

I suspect that in a strict financially analytical sense, it will be difficult to get the information back from the local authorities and make comparisons, but we are trying to get to that point by going down a different route.

**The Convener:** Part of the problem is the reporting back. Local authorities are controlling what they do; analysing their own spend in standardised versions throughout the country would help to provide transparency in that.

**Philip Rycroft:** We face that tension. There has been a significant reduction in the amount of ring fencing in the national priorities action fund, which is the successor to the excellence fund. However, local authorities tell us all the time that the remaining dividers within the national priorities action fund are not particularly helpful. They have to approach the services in an integrated way and they have to start from the point of view of the child or young person. The way in which the money is divided up is not necessarily helpful in that regard. We are under constant pressure to move the fund further away from ring fencing. The improvement framework gives us an excellent

opportunity to do that because local authorities set targets across the range of the national priorities, which are outcome driven, so that gives us a good indication of how they are performing across the range of their responsibilities.

**Rhona Brankin:** I have a quick question about the national special schools. Will the minister assure us—given what he has said about the funding of those schools—that the framework will not impact on the move towards mainstreaming?

**Peter Peacock:** The framework should not impact on that move. A child should be in a mainstream school only if that suits the child's circumstances. However, certain children should still be in a special setting, whether as part of a mainstream school or in a completely separate setting such as a special school, if that best meets their needs. The framework should neither keep children in special schools if they could be in mainstream schools nor vice versa. It is about maintaining the right provision for children when they need it.

I visited the Craighalbert Centre last week to open an extension. That special school's whole purpose is to get kids back into mainstream school by creating the climate, framework, support and skills that young people need. Special schools are not just about being a specialist setting for life; they are also about preparing some children for mainstream school.

**The Convener:** I am conscious of the time, but members have a few questions left. Are you okay to stay for five or 10 minutes?

**Peter Peacock:** Yes. My private secretary will start screaming at me when we have to go.

**Dr Murray:** My question is perhaps an extension of what Ken Macintosh said about Gaelic. Given that you have responsibility for Gaelic, would not it make more sense for that budget line to come completely within your department so that there could be more transparency in the total Executive spend on support for Gaelic?

**Peter Peacock:** Are you taking me into the areas of broadcasting and cultural issues?

**Dr Murray:** Yes. I presume that you have responsibility for Gaelic generally now.

**Peter Peacock:** I have responsibility for Gaelic policy and I am the minister for Gaelic in the sense that a single person is considering it. However, Frank McAveety is taking a particular interest, with my encouragement, in the Gaelic dimension to his culture portfolio. He and I are due to meet later today to talk about how best we ensure that our efforts in relation to Gaelic are complementary. I am quite sure that your question will arise.

**Dr Murray:** My main question is about end-year flexibility and the new resources. How did the EYF

figure of £29.4 million arise? Was it mainly slippage? How is it likely to be translated, given that it has been returned to the department? Will it be spent on the same projects or will some of it be spent on new projects? How are the new resources that have been allocated for the partnership agreement divided between additional teachers and the IT project?

**Peter Peacock:** On the final question, we have not yet made final judgments on that; we will discuss with local authorities what they anticipate will be their needs in relation to additional teachers. We await further developments about some of the technological areas that we want to invest in to get a better feel for price and so on.

Dr Murray also asked how the EYF figure arose. We have something like £25 million of EYF that will move from the previous to the current financial year. EYF arises across a range of budget headings. Some of it represents a delay in capital spending. For example, the expenditure line for the secure estate was not spent during the year, but we keep that money and carry it forward into the current year. There are also projects that do not necessarily start on time as per their original plans and so on. A whole host of circumstances give rise to EYF.

On how we apply EYF, let me illustrate the pressures that I have to address in the current year that are in addition to my allocated budget. I need to find resources for the consequences of the job-sizing exercise as part of the implementation of the McCrone agreement. Learning and Teaching Scotland requires some additional resources to take forward particular programmes. HMIE's running costs are rising because we are increasing the amount of inspection in the system as a whole and the inspectorate has a role in that. I will, therefore, have to find some cash for HMIE. I need to keep cash aside for the secure estate, so part of the £25 million—about £6 million—will be kept as a budget line for that, and a bit more money needs to be fed to the youth crime action plan. We want to put slightly more into the national priorities action fund and into social work training. There are a whole range of pressures. We are making judgments in the department about the precise allocation of that £25 million against those kinds of pressures.

I think that I have already touched on how the new cash that has been made available will be split.

12:15

**Mr Ingram:** I want to pick up on a couple of the points that the minister mentioned. Our understanding is that most of the McCrone

agreement is funded through local authorities, but the level 3 table—table 3.3—shows the budget for teachers rising substantially. Indeed, that rise accounts for the largest part of the increase. Why does that budget increase? What elements of the McCrone agreement are funded centrally?

You mentioned that HMIE is being asked to increase its activities, not least in reporting on the indiscipline projects. Given that we are asking the inspectorate to do a lot more, why is the HMIE budget line static over the next three years? Indeed, in real terms, there is a slight fall over the three years.

**Peter Peacock:** I will pick up that last point first. One thing that I have been trying to do since I was appointed is to get right the budget line for HMIE. Some of the EYF that we just mentioned will need to be given to that budget line, which will receive more than £1 million extra. I have still to make a final judgment on how we continue to support the inspectorate in a way that allows it to do the important job that we ask of it, but you can expect that budget line not to remain static, but to increase. If we are able to refine that before the draft budget becomes the final budget, we will do so. You will also find that some of the EYF decisions will feed through into the autumn revisions, which will go before the Finance Committee soon. I hope that that answers the questions.

On teachers' pay, before I get Philip Rycroft to deal with the fine detail, I make the general point that you are right that the vast majority of that funding goes out through grant-aided expenditure. That is done in accordance with the existing distribution formulas for teacher costs in local authorities and is agreed with the Convention of Scottish Local Authorities. Earlier in the year, there was an issue about implementation of the McCrone agreement, which it was felt had a particular impact on some rural authorities with high numbers of small schools. It was felt that that would give rise to extra unanticipated costs. An adjustment has been made for those authorities, but that is also, I think, distributed through GAE.

That said, I must also say that the Executive holds back some elements of the budget to support small bits of McCrone. Philip Rycroft will outline what those are.

**Philip Rycroft:** The budget line contains funding that has come into the budget to support the teachers agreement, but has not yet gone into the GAE system. Two big elements of the £95 million in the year 3 column will end up in the GAE system. One part is a consequence of the deal that Cathy Jamieson and Pat Watters made earlier this year on funding the teachers agreement. The second part is the funding that was referred to earlier for the partnership agreement commitments

on additional teachers. As the bulk of that money will end up in the GAE system, the figure will come back down to the trend level.

The minister said that we distribute two elements according to need. One is the cost of the job-sizing exercise, for which we have precise figures on the cost per local authority, and the other is part of the cost of the probationer scheme, which is also distributed according to need.

**Ms Alexander:** I will follow up on those points by asking a wider question about the McCrone deal. A degree of optimism exists about outcome agreements in education, which means local authorities must think about achieving certain outcomes. The Executive has made more progress with outcome agreements in education than it has with such agreements on other issues. However, we should be alert to the example of outcomes that are set centrally. With outcome agreements, there is obviously an issue about how to cost the programmes that contribute towards the outcome. Some issues are inherently difficult, such as the one that the Auditor General pointed to earlier this year about how to cost the mainstreaming of additional support. However, it is potentially easier to work out the associated costs of other programmes, such as the McCrone deal.

My question is probably for the officials and would best be answered in correspondence, given that we are pushed for time. My recollection is that the McCrone agreement was reached in January 2001, but that might be wrong. At that time, a budget was agreed, which was presented as the total cost of the McCrone agreement. I ask officials to write to the committee to say what was allocated to the McCrone deal in the budget in 2001, what the allocation is in the 2003-04 budget for the four coming years and what accounts for the variance between those two figures.

Three factors will probably account for the variance. One will be policy changes, such as that on job sizing, which has been mentioned. Another will be that the forecast was wrong, which happens. The third factor will be that we decided to fund centrally measures that were initially conceived as being funded by local authorities.

I am aware that I am speaking to an ex-finance minister, so I say that if we are to develop a culture within the 32 local authorities in which they make policy decisions, cost them and deliver them within budget, we must have a wee bit of transparency when that does not prove possible for the Executive. It is not always possible to deliver within budget, but transparency is important. Given the minister's antecedence, he should set an example by trying to resist the culture of agreeing policy objectives, coming up with conservative costings and expecting somebody else to pick up the tab. It would be

helpful if the Executive wrote to us on that issue.

**Peter Peacock:** We will do that. We can easily make available the figures for the changes that Ms Alexander mentioned.

It is extraordinarily difficult to estimate costs, even for the McCrone deal, which is pretty well defined. For example, there are different definitions of how to count the number of teachers. Estimation takes us into all sorts of difficulties. In principle, I agree that we need to have such an approach and we are working more effectively as a result of the tripartite arrangement between the Executive, councils and the trade unions, and our joint negotiating machine. We now have greater insight—we can consider costings more effectively and have them up front. Because inadequate estimation at the beginning of a process leaves us with difficult choices to make later, much work is being done on that general approach.

**Philip Rycroft:** The teachers agreement does not conclude until 2006 and elements in the deal are dynamic. For example, the precise costs of the job-sizing exercise were not known when the deal was done, although there were anticipated costs. Our discussion with COSLA earlier this year was about the costs at this stage. The costs of job sizing were included in that, as were the costs of reducing class-contact time. Those costs were anticipated, but discussions had to be carried out before we could work them out precisely.

**Ms Alexander:** I agree completely with Peter Peacock's view that there are areas that have proved very difficult to cost. As part of our learning process, it is important to acknowledge such difficulties, but the costs were presented as final costs. My hypothesis is that we presented final costs in areas that have proved to be much more complex than was anticipated and, in view of the culture that we are trying to generate in other areas, it would be helpful to have a feedback mechanism for avoiding false precision in the future. Given your policing role in your past life, you are particularly well placed in that regard.

**Peter Peacock:** I subscribe to the view that we need to get those costings. We have not yet concluded our discussions about the allocation of the new Police Advisory Board for Scotland money partly because we want to wait until we have a much better handle on the cost drivers.

**Ms Byrne:** I have a quick question on young people and looked-after children. I welcome the additional funding in that area, but I wonder whether it is possible to have a breakdown of how much of that will be put towards looked-after children and their carers. I would also like to know how much funding will be allocated to the training that leads up to professional qualifications, and to the permanency of the posts of those who look

after young people. Although much of the funding has already been used to good effect, those areas of the budget have not yet been tackled.

**Peter Peacock:** I am sure that we could consider supplying additional information on the figures. Ms Byrne also raises wider policy issues, which we will address over time.

**The Convener:** We have had a good go at the budget. I am very grateful to the minister for his time. I was going to make a joke about school timekeeping, but I will just say that he has some homework to do after today's discussions. We are grateful for his input and look forward to seeing him on future occasions.

## School Discipline

12:26

**The Convener:** I will revert briefly to the discipline issue, which we will have to leave for today, because time is short. The original intention was to have a report, which we now have, and to have an Executive official to speak to it. We can perhaps put that on the agenda for an appropriate time in the next few weeks. We will make decisions on the subject in due course, if the committee is happy with that.

**Rhona Brankin:** We were obviously constrained by time in our session with the minister, but I ask the convener to think about how we can organise questioning. I am conscious that several members, including me, had several questions that they did not get the chance to ask. I ask you to give some consideration to how we organise questions among committee members, so that that is done in a more equitable manner.

**The Convener:** I confess that I thought that questioning had been organised equitably, but I will certainly talk to you further about that.

**Rhona Brankin:** It did not work out that way.

**The Convener:** Discipline will come up on a future agenda; that concludes the agenda for today's meeting.

*Meeting closed at 12:27.*

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