



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EDUCATION, LIFELONG LEARNING AND CULTURE COMMITTEE

Wednesday 1 December 2010

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CONTENTS

	Col.
DRAFT BUDGET SCRUTINY 2011-12	4377
DECISION ON TAKING BUSINESS IN PRIVATE	4433

EDUCATION, LIFELONG LEARNING AND CULTURE COMMITTEE
32nd Meeting 2010, Session 3

CONVENER

Karen Whitefield (Airdrie and Shotts) (Lab)

DEPUTY CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

COMMITTEE MEMBERS

*Alasdair Allan (Western Isles) (SNP)
Claire Baker (Mid Scotland and Fife) (Lab)
*Ken Macintosh (Eastwood) (Lab)
*Christina McKelvie (Central Scotland) (SNP)
Elizabeth Smith (Mid Scotland and Fife) (Con)
*Margaret Smith (Edinburgh West) (LD)

COMMITTEE SUBSTITUTES

Ted Brocklebank (Mid Scotland and Fife) (Con)
Hugh O'Donnell (Central Scotland) (LD)
Cathy Peattie (Falkirk East) (Lab)
Dave Thompson (Highlands and Islands) (SNP)

*attended

THE FOLLOWING GAVE EVIDENCE:

Linda Ellison (Historic Scotland)
Fiona Hyslop (Minister for Culture and External Affairs)
Colin MacLean (Scottish Government Directorate for Learning)
Michael Russell (Cabinet Secretary for Education and Lifelong Learning)
Andrew Scott (Scottish Government Directorate for Lifelong Learning)
Sarah Smith (Scottish Government Directorate for Children, Young People and Social Care)

CLERK TO THE COMMITTEE

Eugene Windsor

LOCATION

Committee Room 2

Scottish Parliament

Education, Lifelong Learning and Culture Committee

Wednesday 1 December 2010

[The Deputy Convener *opened the meeting at 10:01*]

Draft Budget Scrutiny 2011-12

The Deputy Convener (Kenneth Gibson):

Welcome to this small but perfectly formed 32nd meeting in 2010 of the Education, Lifelong Learning and Culture Committee. I remind everyone to switch off mobile phones and BlackBerrys.

The first item on the agenda is to take evidence on the draft budget for 2011-12. The first evidence session is on the culture and Gaelic aspects of the draft budget. I welcome Fiona Hyslop MSP, the Minister for Culture and External Affairs, who is no stranger to the committee; David Seers, team leader of the cultural excellence branch; Wendy Wilkinson, deputy director for culture in the Scottish Government; and Linda Ellison, director of finance for Historic Scotland. I invite the minister to make an opening statement.

Minister for Culture and External Affairs (Fiona Hyslop): The committee will be aware that the scale of the total reduction in the Scottish budget for 2011-12 has required tough decisions to be taken across Government. In the office of the First Minister, the year-on-year cut in cash terms is £16.9 million, or 6.7 per cent, for resource budgets, and £7.8 million, or 27.6 per cent, for capital budgets. That reflects the particularly deep cuts in capital budgets that the United Kingdom Government has made.

To make those reductions, we have had to take difficult decisions. I summarise our approach as seeking to minimise the impact on key cultural organisations and the activities and experiences that they deliver, and to maximise our support for the creative industries, tourism and high-quality cultural experiences. Supporting the creative economy and helping to position Scotland internationally as a creative and innovative country are key contributors to economic recovery.

Priorities that we have identified in the draft budget to support that approach include protecting Creative Scotland's core budget at £35.5 million, recognising its lead role in supporting creative practitioners and the creative industries; protecting support for private investment in the arts and for fledgling creative enterprises, through Arts & Business Scotland and the Cultural Enterprise

Office; continuing the £2 million Edinburgh festivals expo fund that we introduced in 2007 as a platform for growth across the 12 Edinburgh festivals; continuing the £10 million youth music initiative, which increases learning through the arts and culture and offers young people opportunities to develop creative skills; making smaller-than-average reductions for the national collections and national performing companies, recognising the rich cultural and educational resources that they offer at home and abroad; investing nearly £25 million in a sustainable future for Gaelic, celebrating Scotland's diverse communities, extending Gaelic education provision and supporting the implementation of Gaelic plans; and making new capital investment in Glasgow, Stirling and Dundee that encourages economic regeneration and tourism and contributes to the cultural facilities for the 2014 Commonwealth games.

We have also had to take difficult decisions to reduce expenditure and achieve more with less in order to live within reduced budgets. There is a particular challenge with reduced capital budgets, in relation to which I know that some organisations, such as the national collections, face particular pressures. We are discussing with them the relative priorities between, for example, estate maintenance and collection purchase grants, within severely constrained budgets.

We will be asking particular cultural organisations to achieve as much as they can within more limited resources. For example, Historic Scotland will be challenged to increase income at its sites and to exploit fresh income-generating opportunities while delivering ambitious projects and restructuring to reduce administration costs. I am asking Bòrd na Gàidhlig to identify efficiencies by ensuring that the Gaelic organisations operate as an effective network for the promotion of Gaelic.

The most tangible outcome of the budget reductions, however, is that our flexibility to respond to new initiatives and opportunities during the financial year will be severely limited. That is a conscious decision to protect many of the services and programmes that I have mentioned. It means that almost all cultural expenditure will be through the planned expenditure of organisations that we fund, and they will need to do more with what they receive.

I hope that this brief introduction and overview is helpful to the committee in setting the scene for the questions that members wish to ask.

The Deputy Convener: Thank you for that helpful introduction. The committee has a number of questions for you, which I will begin.

As has been touched on, within the First Minister's portfolio, there is a real-terms reduction for the culture and Gaelic budget of £22.6 million, or 11.6 per cent. In 2011-12, the Scottish Government will provide capital funding to begin the Victoria and Albert museum project in Dundee and to contribute to the redevelopment of two cultural venues in Glasgow in advance of the Commonwealth games in 2014. Is the money that is being provided for the capital projects in Dundee and Glasgow being taken away from moneys previously allocated to other cultural bodies?

Fiona Hyslop: No. We are funding a number of major capital projects that will come on stream this year: the Royal Museum of Scotland in Chambers Street in Edinburgh; the Scottish national portrait gallery; the Stirling castle palace project—with Historic Scotland; and the Burns centre. The funding for new projects, such as those in Glasgow and, in particular, the project in Dundee, is possible because the funding for a number of other projects comes to an end before 2011-12.

The Deputy Convener: How does Scotland benefit from the ring-fenced funds that Arts & Business receives?

Fiona Hyslop: We think that it is important to try to generate income from private organisations and businesses and to lever that into arts and culture, because that helps to provide new income streams and to support a number of important projects.

I visited a very important project in Glasgow where one of the business organisations was working with a group of young people with disabilities, developing music. That was a very energising experience and the company has proved to be very successful. With Arts & Business funding, investment of £300,000 a year can generate almost one-for-one match funding from the private sector. It is anticipated that, over the three years of the scheme, we should be able to generate from £900,000 of Government investment an additional £800,000 from the private sector for projects that otherwise might not have taken place. We have been very successful, despite the recession. There has been continued investment from the private sector in arts and culture, so we think that our investment is worth while.

The Deputy Convener: Is it your view as we go forward and as central budgets decline that the private sector will be able to pick up a lot of slack in order to continue growth in the cultural sector?

Fiona Hyslop: That is perhaps wishful and optimistic thinking. If we can maintain levels of investment, we will be doing very well. It is interesting to note that that happens not only with projects that are funded by Arts & Business, but,

for example, with the national companies. I think that about 30 to 40 per cent of the national companies' income come from sources other than the Government, because they rely on other types of funding. A lot of private investors in a range of areas sponsor events.

It is important that the Government sends out the right signals that we are prepared to invest in arts and culture and are not expecting the private sector to pick up the slack. We are co-investing. We have a good and successful model in Scotland. We will not take private investment for granted; we will encourage and support it, because it has an important place in our arts and culture landscape.

The Deputy Convener: You said that there will be much less flexibility than there has been in the past. What will that mean in cash terms for organisations that are looking for funding half way through the financial year?

Fiona Hyslop: I made it clear in my press release on the day of the budget that the budgets that organisations receive are what they will have to use during the course of the year and that flexibility during the year will be much restricted.

The biggest reduction in our budget is in the "other arts" budget line, which allows us to react to circumstances during the year. There were some one-off transitional costs for Creative Scotland, which no longer need to be met. *[Interruption.]*

Many members receive letters from organisations in their constituencies, asking them to try to persuade the Government to give them money in-year, often for good and innovative projects. To ensure that we can maintain the investments that we have, we will have to make cuts somewhere, and the cuts are coming from the Government's central budget for arts. Therefore the scope to react to events during the year will be much more constrained.

The Deputy Convener: I am sorry, my BlackBerry went off. I did not realise that I would have to dismantle it to stop it ringing.

I understand what you are saying, which is that organisations that receive Government funding must plan ahead more than they have ever done. You said that core funding for Creative Scotland has been protected. What impact will the overall reductions have on Creative Scotland?

Fiona Hyslop: It is important to remember that the setting up of Creative Scotland delivered efficiencies. We expect Creative Scotland to do more, particularly with the creative industries and in relation to the youth music initiative—I mentioned the funding for that, and there is lottery funding, too. We are confident that there is an

opportunity to set a new model for funding going forward.

Creative Scotland maintains the obligations that it inherited from the Scottish Arts Council and Scottish Screen for this year, but it is important that the new organisation should have the opportunity to go forward on a firm foundation. Our approach is in stark contrast with what is happening with the Arts Council in England. I think that the vote of confidence that we are giving to arts and culture by maintaining Creative Scotland's core budget has been well received in the arts and culture community.

The Deputy Convener: The Scottish Government has agreed to fund a creative Scotland themed year. Will you explain what that is?

Fiona Hyslop: You might be aware that, after the success of homecoming year last year, we plan the next homecoming year to be 2014, when the world will come to Scotland for the Commonwealth games and the Ryder cup. It will also be the anniversary of the battle of Bannockburn, and the new Bannockburn centre will open.

In the lead-up to the year of homecoming, we will try to maximise the offering to visitors, improving provision and promoting the country's assets. This year, as you are aware, we are promoting food and drink in Scotland. Next year will be about active Scotland, to take opportunities that come from the lead-up to the Olympic games. In 2012 we will focus on creative Scotland. As you know, the end of the Olympic games will coincide with the start of the festival season—in particular the Edinburgh festival—and the end of the summer festivals will coincide with the start of the Paralympic games. Therefore, we are saying to the world, "You are coming to London: come earlier or stay later and enjoy what we have."

10:15

Throughout that period there will be an opportunity to celebrate and showcase the best of creativity in Scotland. I was at an event with Alasdair Allan recently to celebrate our island culture. There will be bridging into the year of active Scotland and subsequently into the year of creative Scotland. The idea is to showcase what we have and get communities all over Scotland showcasing their creativity.

After the creative Scotland year, there will be a focus on natural Scotland and we will promote our fantastic assets to the world in advance of the Commonwealth games in 2014. I have been working with Jim Mather on activities in those areas, and in terms of funding, we will also support EventScotland and others to ensure that we help

to showcase some of our best events in the themed years. I hope that that helps to explain what the investment in the themed years is about.

The Deputy Convener: Thank you. What level of funding will the Scottish Government put into the themed years?

Fiona Hyslop: The major events and themed years budget, on the legacy work, is £1.7 million. That covers funding for active Scotland, which is next year, and preparations for creative Scotland in 2012. That £1.7 million will come from my budget.

The Deputy Convener: Do you believe that it will be enough to have an impact?

Fiona Hyslop: I think that it will. If we look at what is happening with the current focus on food and drink, there have been a number of showcase events that have helped to bring different organisations together. For example, I was at the world pipe band championships, and Argyll food and drink took a fantastic pavilion at that event and brought in some of the healthiest burgers you can imagine, such as venison burgers and salmon burgers. Some of the fantastic fruit and beers from the area were also showcased.

I am not sure that the pipe band championships would necessarily have invited Argyll food and drink to be the caterers for the event without knowing what the experience would be like, nor would the caterers necessarily have taken up the position to promote their wares, but the marriage of the two was a great success. Indeed, when I visited the pavilion, they said that they would definitely come back. They hardly had time to speak because they were overrun with people who wanted to have quality food and drink at the event. That has given them the confidence to go to other events to promote themselves and sell their quality food and drink, and it also gives events such as the pipe band championships confidence that they do not have to have just the regular burger vans that we usually see at events. Strategic input can make a difference to people's experience.

If you remember, one of the big strengths of the year of homecoming was the ability of small, local communities to get behind the initiative and hold events themselves. At present, we are seeing an awful lot of activity in local celebrations of food and drink. The quality of what we have to offer is clear, and whether it is in local advent fairs or the markets that members might have visited at the weekend, we can see that local communities in towns and villages are taking pride in what they have to offer.

Although Scotland has fantastic natural resources, particularly in terms of the food that we have to offer, we are not necessarily known for those abroad. It is important that we promote them

externally to visitors, but also that we have confidence in ourselves and what we can produce and showcase. That will be an important part of going forward.

I was at VisitScotland's silver thistle awards for tourism, and it was fantastic to see that a number of the winners related to active Scotland and the outdoor sports opportunities that we have on offer. People can come to Scotland to enjoy outdoor sports, be it surfing, mountain biking or some of the more adventurous sports that Scotland is increasingly known for. The more that we can join up investment in that area, the better, and we must also celebrate it locally.

Local festivals, in particular, are becoming more important. During the creative Scotland year, we will be looking at Scotland's sense of place. I know that Creative Scotland as an organisation is looking at how we can help to support local festivals more, so some of the work is already happening, but we can enhance local festivals and promote them to a wider audience.

The Deputy Convener: How does the Scottish Government expect Creative Scotland to help the creative industries?

Fiona Hyslop: That is a huge and important area. The committee has taken a keen interest in the development of Creative Scotland. I can now confirm that the Scottish creative industries partnership, which is chaired by Creative Scotland, has a number of reference groups that are taking forward specific creative industries and what is needed to support them, be that skills or enterprise. Highlands and Islands Enterprise, Scottish Enterprise, Skills Development Scotland, the Scottish Further and Higher Education Funding Council and Creative Scotland all come together in the creative industries partnership.

The current reference groups are dealing with music, design services, product design, performing arts and film. It is likely that we will receive their reports in February 2011, and an action plan for the creative industries sector as a whole will be produced in early 2011. Where we are with the creative industries is far more developed than where we were with them a year ago; in particular, the co-ordination of all the public sector bodies that make a difference in supporting the creative industries is also far more developed.

Christina McKelvie (Central Scotland) (SNP): I will move on to the cultural collections. We can see from the draft budget that the budget for the cultural collections will be reduced, but how will that reduction be divided among the organisations?

Fiona Hyslop: I sent a letter to the committee in which I outlined the differences for the individual collections. Their budgets will be reduced, but that

reduction is less than the overall average reduction in my budget. In my introductory remarks, I said that there would be a 6.7 per cent reduction in the culture and Gaelic budget. The reduction for the National Galleries of Scotland, the National Museums Scotland, the National Library of Scotland and the Royal Commission on the Ancient and Historical Monuments of Scotland is around 4 per cent.

Christina McKelvie: Do you have any details about how the collections will deal with that reduction? Have they come to you with any ideas?

Fiona Hyslop: I think that the reduction is less than they expected, but that does not necessarily mean that they do not have a difficult thing to deal with. They have to schedule what they can do. We are conscious that their programming means that they have to protect what they are doing in the immediate year, but they will obviously have to anticipate what that means going forward.

I confirm to the committee that a key priority for the Scottish Government is that free public access to the collections should continue, but we know that there are pressures in their budgets that they will have to deal with. For example, capital pressures are a big constraint. In my introductory remarks, I mentioned that the collections will have to consider the balance and importance of capital for general maintenance and capital for acquisitions, for example. We will have discussions with each of the organisations on their priorities. We have identified capital that will help with collection and storage for the organisations, which are vital parts of what they need to do.

We are also conscious of the pressures on the National Galleries of Scotland, with the national portrait gallery coming on stream next year. We have an on-going dialogue with the organisation, and we will try to help to manage the budget that we provide to it in a way that is sensitive to its needs.

Christina McKelvie: You have pre-empted and answered my second question. I was going to ask you about capital pressures, but you have covered that issue. However, I have another question. Where there is an expectation that the national collections and the national companies will work together, how will they do that, and what will be the benefits?

Fiona Hyslop: Those are important questions. There are domestic and international opportunities for Scotland. Recently, we held a very successful meeting in which we brought together the national collections and the national companies to identify what they can do internationally to support our cultural diplomacy activities and opportunities. The First Minister had a very successful visit to Paris with the Royal Scottish National Orchestra, for

example. There, the RSNO's fantastic showcase performance was combined with a number of meetings that the First Minister had with representatives of energy interests and the French Government.

On collaborations and working together, I know that the National Galleries of Scotland and the Scottish Chamber Orchestra work together on education projects in Scotland. Internationally, both the National Galleries of Scotland and the Scottish Chamber Orchestra were in Atlanta in North America quite recently. One thing that we hope to do is co-ordinate international activities a lot better. We want to anticipate where organisations will go in their schedules and consider whether we can support them through Scottish Government, Scottish Development International or VisitScotland activities to promote Scotland. There are many international opportunities.

More locally, in Scotland, there will be challenges for some companies with regard to the range and depth of performances. However, with the level of budget that we have given them, we think that they will not necessarily have to scale back to nearly the degree that they might have anticipated, which is good.

Regardless of budget levels, it is important that cultural excellence outreach programmes are spread throughout Scotland, beyond the home performance grounds of the national companies. We had a request last week that the new Bathgate Regal community theatre should receive a number of performances, and Iain Smith recently asked me about the Byre theatre. Eden Court is a fantastic venue, but there are a number of venues throughout Scotland, in Aberdeen, Stirling and other areas.

Better co-ordination between the national companies with regard to where and when they perform might ensure that cultural excellence is experienced throughout Scotland, rather than performances being arranged just to suit the companies' programmes. They are up for that, which is really important.

Christina McKelvie: That is great—if people are getting their bids in, I suggest the town house in Hamilton as a wonderful venue for anything else that comes up. Obviously, there is a change to the budgets for the national companies, too, and my question is basically the same: how do you think the change in budgets will affect the performing companies?

Fiona Hyslop: We recognise the programming pressures for the national companies, which will not receive the full 6.7 per cent reduction that is being made across the rest of the budget. Each company will receive a cut of around 4 per cent,

which will allow them to continue with most of their planned programmes.

I have said to the national companies that I do not want them to compromise on quality; reducing quality can sometimes seem like the easiest thing to do. The reductions might mean that there are pressures on the range of performances, but quality should be protected. We should be proud that our national companies are all performing at a really high level, and it is important that that is maintained, as I have discussed with them.

The companies can work together—the Scottish Chamber Orchestra and the RSNO are working together to help to develop audiences in Aberdeen, for example. One of the pressures in dealing with any budget in this area is that it is not just about the funding stream, but about how one can create demand and develop audiences. That is really important for the future, because the more people go to see paid performances, the more income there is for those companies, which can be recycled into better performances.

There is a strong appetite just now for performance and for cultural and heritage experiences. We can see that from ticket sales, from visitor numbers at some of the Historic Scotland sites and from what is happening with our national companies, which are doing very well. Audiences in a recession perhaps want to experience a good artistic performance; they might not be able to buy as many material things, but the restricted financial circumstances are not so far having an impact on cultural experience. Growing and developing the audience are really important, and the education aspect is important in that regard.

I mentioned that the youth music initiative is being maintained. That is really important, because the greater the number of youngsters and their families who experience performances that are funded through the initiative, the better. I was at Perth concert hall last Sunday evening and it was packed with parents of the under-14s who were performing in the Scottish youth brass band championships. A few years ago, there were only eight bands in the competition, but last week there were 26 bands. The entrants all brought their parents and grandparents, and the hall was full. Those youngsters will develop into the audiences for future cultural—and in particular musical—experiences.

That is a positive investment; it is not just about the funding from Government, but about how companies organise themselves to help audience development.

Christina McKelvie: It is heartening that that is the case, even during a recession. Perhaps, in a perverse way, it is because the recession is

preventing people from travelling further afield, so they are looking at what is going on in their local area and getting involved. As a parent I am trying to get hold of tickets for the Hamilton youth theatre's production of "The Wizard of Oz" at Hamilton town house in a couple of weeks' time, and it has been a bit of a challenge.

The Deputy Convener: That is another good plug—have you got shares?

Christina McKelvie: I will move on to more serious stuff. In the draft budget, the Government talks about "comparative reductions short-term". What does that mean, and what does it mean for the long term?

10:30

Fiona Hyslop: That is part of the challenge. The national companies and the national collections in particular have to do a lot of advance planning for exhibitions or performances that are some years in the future. Obviously, they will have to absorb large reductions very quickly. Our general reaction is that the Westminster budget cuts have been too hard and too fast. There is a particular challenge for organisations that have to plan so far in advance.

That is one reason why it was helpful that we did not have to make the cuts in 2010-11. The Government chose to defer the cuts, which gave a longer lead-in time for the national companies and the national collections to plan for some of the pressures and how they might deal with them. It is a challenge, and it is why the cuts facing the companies and collections, although unwelcome at 4 per cent, are certainly less than the 6.7 per cent cuts across the budget as a whole.

Alasdair Allan (Western Isles) (SNP): One of the budget decisions that you had to make involves BBC Alba. There is still uncertainty about whether the channel will be on Freeview. Can you say any more about the likelihood of our getting a decision soon about Freeview? How has the uncertainty around that played a role in your budget decisions?

Fiona Hyslop: One of the things that we are conscious of in relation to MG Alba is its ability to conduct a number of efficiencies in the last period.

As you well know from your constituency interest, the jobs that it has provided have had an important impact on a rural island economy. Members who were involved in our recent debates will be aware that about 25 per cent of independent production was generated by commissions from BBC Alba. Although it takes the biggest amount in the Gaelic budget, we have tried to protect it for all the reasons that I have just given.

I would love to be able to tell you when we will get news from the BBC trust about BBC Alba going on Freeview. The Scottish Government has consistently and persistently made representations on the issue. We understand that the costs would be borne by the BBC. It would cost only a small amount if BBC Alba time-shared with radio services, so it is not a cost issue. It is just a policy decision, and we encourage the BBC trust to make that decision as soon as it can—and to make it in favour of Freeview, because that would open up a great opportunity. BBC Alba has been very successful to date. It is a good example of a new television channel working successfully and responding to people's culture and interests. A large number of Scots cannot currently get BBC Alba and, as you know, there is a real demand for it.

Alasdair Allan: The Government recently published the recommendations of its Scots language working group. I declare an interest, in that I was on that group. How will those affect the Government's thinking on the budget for the Scots language either this year or in future?

Fiona Hyslop: I have written to the convener of this committee with the report from the Scots language working group. It is a thoughtful report and I thank all those who contributed to it.

We provide funding for the Scottish Language Dictionaries and the Scots Language Centre. The Scottish Language Dictionaries receive £200,000 and the Language Centre receives £70,000. Those budgets are to be unaltered for 2011-12. We have also helped to support the recommendations in the working group's report, a number of which can be achieved without a large cost. I think that a deliberate approach by the working group was to recommend policy decisions that would not necessarily be prohibited by the level of budget that they would require. I have not yet given my formal response to the working group's report, but I will make sure that the committee is informed when I do so.

Alasdair Allan: The Government has put considerable effort into the reorganisation of Historic Scotland. What effect has the reorganisation had on the budget and approach of the organisation?

Fiona Hyslop: Historic Scotland is conducting a reorganisation to refocus its activity in ways that best serve the nation and the properties it conserves. One effect is to bring all the conservation activity under one director, which will help Historic Scotland to focus on Scotland's traditional building skills, including apprenticeship training. People may not be aware that Historic Scotland is the biggest employer of stonemasons in Scotland. A lot of the focus in the debate on the skills that are needed across Scotland is on

apprenticeships for new build, but conservation is also important.

A key demand for the future is combating climate change by improving and enhancing existing buildings, to which Historic Scotland can bring its focus on traditional building skills. I am not sure whether the member is aware that a Historic Scotland stonemason produced the wonderful St Ninian's stone that was presented to His Holiness the Pope during the recent papal visit. We were very proud that a young apprentice from Historic Scotland produced the stone. We are also enhancing the conservation of properties that are in the care of the Scottish ministers and ensuring that Historic Scotland uses its expertise and technology to improve the energy efficiency of traditional buildings. Part of the Government decision on the budget involved the contribution that such initiatives make to climate change. I hope that I have given a sense of Historic Scotland's focus in some of those areas.

The organisation is also delivering a saving in management costs by reducing the number and levels of management while protecting front-line services. It is filling only business-critical posts. Again, like a number of other organisations, Historic Scotland used the last year to help prepare for the years ahead. It has already delivered more than £350,000 of savings in staffing costs. That will help to meet the costs of, for example, early leavers.

Historic Scotland is becoming refocused. I am pleased that there is cross-party support for the refocus of Historic Scotland and its approach to working in partnership to help improve conservation in Scotland. We should celebrate what we have. People tend not to concentrate on the 95 per cent of Historic Scotland activity, which is celebrating Scotland's heritage and culture; they tend to concentrate on the 5 per cent of its work, which is to do with listings. No doubt we will discuss that when we debate the Historic Environment (Amendment) (Scotland) Bill. As I said, 95 per cent of Historic Scotland's work is about access and the celebration that I mentioned. Historic Scotland attractions have seen an increase in visitor numbers. That is very welcome indeed.

Alasdair Allan: You mentioned the implications of the budget on the approach and management of Historic Scotland. Does the budget have any implication for any prominent properties?

Fiona Hyslop: No. Obviously, there is an assessment of what Historic Scotland does with a number of its properties in terms of income generation. The assessment is probably similar to that which the National Trust for Scotland undertook. We need to assess what we can and should do with Historic Scotland properties,

including making them available for other uses. Questions have been put on how to join up our national collections and our national companies. A number of Historic Scotland properties have great performance spaces. I am very keen that we connect up performances and places to ensure that all the communities of Scotland get to experience that. I will bring in Linda Ellison to talk about property management and the budget.

Linda Ellison (Historic Scotland): Good morning. The main thing to say on budget implications for Historic Scotland properties is that we have completed the Stirling castle palace project by Easter 2011. That will free up funding for us to focus on other aspects of our business and meet the reductions that we are having to meet.

We are using our properties to great effect in a number of areas, including weddings and corporate events. We will continue to do that, albeit that budget area is suffering under the current economic climate.

We are doing a lot of work in partnership with NTS, VisitScotland and others. We are considering how we might share with NTS warehousing arrangements for our retail facilities, as we both have shops at properties or manned sites where we have visitors who pay to see the attractions in which we sell product. That seems quite a good way forward for us, as it would help NTS and us. Similarly, we are looking at sharing systems development work with VisitScotland, which will be helpful as it will save us some funding and allow VisitScotland to exchange with us some programming that we have done. Quite a lot is going on on the property side.

Fiona Hyslop: It is not just about the properties that Historic Scotland has. In the budget, we are also trying to protect the small grants schemes, such as the conservation area regeneration scheme, for communities that have buildings that they want to support. I visited the Barony church in West Kilbride, in the convener's constituency. When the Cabinet was in Bute, I was shown the ideas that the people of Rothesay had for what they would like to protect. It is important to remember that it is not just Historic Scotland's properties that we are trying to support; it is also properties that other organisations have. For example, in Kilmarnock, there was a successful regeneration project that combined property investment and some of the small grants.

Margaret Smith (Edinburgh West) (LD): Good morning, cabinet secretary. I apologise for my late entry to the committee this morning. I live in Edinburgh but on the fringe.

Fiona Hyslop: That is okay. I live in Linlithgow and we have 3ft of snow.

Margaret Smith: It is pretty rough out there.

I want to ask about the amalgamation of the General Register Office for Scotland and the National Archives of Scotland. When is that likely to take place?

Fiona Hyslop: We are putting the arrangements for the merger in place so that, in year 1, 2011-12, there will be little impact on staffing apart from on the existing budgets—and all organisations will have some pressures on those. The NAS/GROS merger will lead to a single body being responsible for holding and making available information about people in Scotland. There will be areas for sharing, such as the public-facing side of things, the accessing of records—on site and offline—and the storage of paper and digital records. Back-office services, including finance and information and communications technology, will also be shared, along with a range of services that the two bodies already share, including accommodation, training and development, conservation, records management and library issues. The merger will be the logical conclusion of a process that, in a sense, has already started with the Scotland's people online service, which is a successful collaboration. The merger will strengthen the joint service. The target date for the full amalgamation is April 2012, to coincide with the start of the new financial year. However, I reassure the committee that substantial progress will be made during 2011-12.

Margaret Smith: What level of efficiency savings does the Government expect from the amalgamation?

Fiona Hyslop: I stress that this is about the service we provide, not just efficiencies and the saving of resources. I will have to check my papers on where we got to with the NAS in particular. Most of the efficiency savings will come from senior management, finance, information security management and IT services, and the actual amounts will be in the budget that is provided. All organisations, including the National Archives of Scotland, will receive reductions in their budgets; the NAS is receiving a 4 per cent reduction over the year. Those of you who are familiar with bringing together organisations will know that we will not necessarily save money in 2011-12, although we will do so going forward. The amalgamation is going ahead with a reduction in the National Archives of Scotland's budget of 4 per cent in 2011-12. That is not counting the reduction in the GROS budget, which is currently sitting with Jim Mather's budget.

10:45

Margaret Smith: Originally, the review looked at the work of the General Register Office for

Scotland, the National Archives of Scotland and the Registers of Scotland. The decision was to amalgamate GROS with the National Archives of Scotland but not the Registers of Scotland. Have you identified ways in which the Registers of Scotland may be involved in shared services, short of the level of amalgamation that the other two organisations face?

Fiona Hyslop: That is an important question. John Swinney and Jim Mather have led on the merger. A number of options were available. Some fell short of saying that all three organisations need to be merged at once but identified where services could be shared. All three organisations will be expected to make efficiency savings, so I anticipate that, regardless of the merger decision, they will want to maximise their resources and that the Registers of Scotland, too, may be able to be involved in sharing services, many of which are already listed.

Margaret Smith: I am not sure whether I should have lodged an historic interest as someone who worked for the Registers of Scotland for five years.

I have a general question about the way in which you go about making decisions about budgets. There are clearly financial imperatives—the need to make efficiency savings and so on—but you know that some people will be able to make savings in this year, given that we have only a one-year budget. In advance of the culture budget being put together, how much discussion took place between you and the different organisations? To what extent were such nuances in play in those discussions, or are we beyond the nuance stage simply because of the financial difficulties that we face?

Fiona Hyslop: That is a good question. We have discussed such issues a great deal because of the level of the cuts with which we must deal. I have a more direct relationship with a number of bodies than do ministers with other portfolios. Because the organisations are small—staffing costs account for most of their budgets, as they consist of performers—I must be extremely sensitive to the pressures that they face year to year. We have tried to work with each of the organisations to identify the pressures that they face and their particular needs. If there are pressures on revenue, we have tried to relieve some of the pressures on capital, and to do so in the years that matter to them. For example, we have given the RSNO initial funding to help the new development in Glasgow, which will also support the Commonwealth games. We have also recognised the need to tackle the storage issues that some of the national collections face. We have tried to be sensitive to the needs of each organisation, to work with them and, in a way, to

reward success, which is sometimes one of the most challenging things to do.

I have referred to the success of Arts & Business Scotland. The youth music initiative has a large budget. Support for the initiative might have been in question but, when it is clear that something is successful, you have to make policy decisions to support it, even when times are difficult. That is the point at which you are driving. We have not salami-sliced the budget so that everyone gets the same thing across the piece.

We know that Historic Scotland is working extremely well to achieve efficiencies and to reorganise itself. It is carrying quite a burden of cuts in the budget, but we are confident that it will be able to deliver its service as a result of the way in which it is reconfiguring itself.

This has been a long and involved process. I pay tribute to officials in Government departments for having a close dialogue and engagement with the sector. We have tried to be as responsive as we can. No doubt the committee will hear from others, but I believe that the budget decisions that we have taken have been well received, in challenging and difficult circumstances.

Ken Macintosh (Eastwood) (Lab): I apologise for arriving late. I have a few questions that I would like to ask. Could you advise me how many have been asked already?

The Deputy Convener: All the questions on the briefing paper have been asked.

Ken Macintosh: None of the questions that I want to raise are in the briefing paper.

The Deputy Convener: Feel free to ask any question you like.

Ken Macintosh: I noticed that Scottish Opera's grant has been cut by about 4 per cent. There was some discussion that it might receive a cut of up to 10 per cent. Given that the cut is less than was expected, do you think that Scottish Opera is right to press ahead with changing the orchestra from full time to part time?

Fiona Hyslop: Decisions about how Scottish Opera organises the orchestra are for the management to make. A tension around my role as minister is that members tell me that I must respect the independence of the cultural companies and organisations and allow them to make their own decisions about how they operate and then ask me to give opinions on those decisions. That puts me in a difficult position. I cannot and will not interfere with the management of the organisations.

The decision about the orchestra was made by Scottish Opera before it knew what budget settlement it would receive. It did not experience

the full 6.7 per cent reduction that was applied across the budget and, although its budget was cut, it was not as bad as it might have been. We were also conscious that Scottish Opera needed to invest in the Theatre Royal in Glasgow, which is part of the good cultural investment that we are making in Glasgow, along with the investment that is associated with the Commonwealth games. We have tried to be sensitive to the company's needs. However, the decision about the orchestra—which I believe was supported by the orchestra and the trade unions yesterday—is a matter for the company. I thought that it was appropriate for me to insist that the company engage fully with the trade unions and staff in relation to any decisions that were made. It is important to the Government that organisations to which we provide funding have an engaged dialogue with staff about their future.

Ken Macintosh: The suggestion that the decision has the support of staff is not quite right. I think that the staff have reluctantly accepted the decision, which is not the same as supporting it. My information is that the staff took the decision in a state of anxiety and apprehension about the future of their jobs, which I have to say is a terrible context in which to have to vote on or approve anything.

I appreciate that it is difficult for you to give opinions on such matters but, speaking as the culture minister, do you think that Scottish Opera's orchestra moving to a part-time capacity is good for Scottish culture?

Fiona Hyslop: The issue is the quality of the performance. There are budget constraints, but I have said pointedly to all the companies and the collections that we do not want to compromise on quality. Earlier, I said that, in terms of the quality of performance, all our companies are performing extremely well compared with the artistic situation a few years ago. They are performing at the top of their game and are receiving fantastic reviews. We are pleased about that and want it to continue.

I do not think that the management of Scottish Opera would have taken a decision that would compromise the quality of performance. Many MSPs have written to me and to Scottish Opera to express concerns about what the decision might mean in terms of quality, but I do not think that that decision would have been taken if it compromised quality. The issue concerned the way in which the orchestra was used over a period of time.

It is important that the employment opportunities for talented musicians are fully explored in relation to co-operation with the Royal Scottish Academy of Music and Drama and other bodies. Many of them already work as tutors in the RSAMD or elsewhere, and the timetabling of their work for Scottish Opera must accommodate not only

Scottish Opera's performances but the musicians' other work. I have told Scottish Opera that I want it to deal with its staff in a responsible and responsive manner.

Ken Macintosh: Thank you. I appreciate that the minister does not want to comment on individual decisions, but it is not a question of the quality of the musicians or the orchestra; it is a question of Scotland's capacity to support the number of orchestras it has and the idea of professional musicianship as a full-time career. I am surprised that the minister is not willing to talk publicly about her regret at the impact that this situation will have on Scotland's cultural scene. It is not just the impact on Scottish Opera, which I am absolutely convinced it will have an impact on, but the impact on musicians' ability to pursue a livelihood in music in Scotland. It is to be deeply regretted.

Fiona Hyslop: I am not going to talk down Scottish Opera, even though you are inviting me to do so.

Ken Macintosh: Far from it; I am talking about Scotland's capacity to sustain several full-time orchestras.

Fiona Hyslop: If you look at the experience of other orchestras, including those in other countries, you will find that many work similarly to how Scottish Opera will work—and they produce good-quality performances, which is what we expect Scottish Opera to continue to do.

Ken Macintosh: The National Library of Scotland has had a big cut in its purchase grant—from £1.3 million to £300,000. In the grand scheme of things that might not seem the most important budget grant, but is the minister aware of the effect that it will have on the National Library's capacity to continue in its role?

Fiona Hyslop: You are right to say that, compared with other budgets, it does not seem a large cash reduction but the impact of such a cut can be significant. That is one of the things that we have had to discuss with all organisations—everyone has had to take some reduction; we will continue to discuss matters to see what the impact is. In the case of the National Library, we have attempted to be responsive to its needs by looking at its maintenance and capital—and I think we have addressed a roofing issue that was causing particular difficulty.

Where there is pressure on one side of the budget, we have tried to relieve it from the other. Capital and maintenance this year and, I think, next—[*Interruption.*] There is more next year. Next year, £1.8 million will be invested in capital—members should remember that I have a 27 per cent reduction in my capital budget. We have tried to offset some of the pressures on the National

Library by helping it with some of its maintenance and capital, which I think goes back to Margaret Smith's question. That has not been done lightly, and we have tried to engage on it. Some of that might be seen as nuances, but I do not think that the issues are nuances for the organisations concerned—they are very important to them.

Ken Macintosh: That is the point I am making with regard to Scottish Opera and the National Library of Scotland. I would be concerned if these cuts led to a fundamental change in the way companies operate and, therefore, in the policy context in which they operate. A cut of this nature to the National Library, for example, might change its strategy in terms of the collection of books and so on. I am anxious to know whether the minister is aware of that. It is not simply a question of managing within their means; it is a question of perhaps having to change their priorities and therefore having to gain ministerial approval for such change.

Fiona Hyslop: In which case they would obviously have those discussions with us. We are in a position that is not of our choosing. We did not want to administer cuts of 6.7 per cent or, indeed, the reduced level of 4 per cent for the collections. We have tried to protect the National Library and others from the full brunt of the 6.7 per cent reduction in our budget, but this is not a position of our choosing. We must wake up to the fact that, across all our portfolios, every part of Scotland will have to think about doing things differently and prioritise what is needed. They will also have to rethink how they organise themselves and do things. That is the reality of where we are. I wish we were somewhere different but we are going to have to administer the Westminster cuts, and that is what we are doing. However, we are trying to do it in a way that is sensitive to the organisations that we deal with.

Ken Macintosh: One of the Government's commitments, which is not a budgetary commitment, is to guarantee in law the right of Gaelic-medium education where parental demand exists. Until recently, the minister and her colleagues have suggested in reply to questions that it is still a commitment and that it will happen, but it is now quite clear that it will not happen before the end of the parliamentary session. It was a straightforward commitment—not necessarily an expense, although expense might be related to it. Why has the Government not delivered on it?

11:00

Fiona Hyslop: As part of our commitment to Gaelic we have initiated and delivered a number of things. We asked Bòrd na Gàidhlig, the board that was set up by the Parliament, to look after and promote the interests of Gaelic. I remember sitting

with Ken Macintosh, discussing the bill and having the debate about whether it should be just about the protection of Gaelic or about the promotion of Gaelic. In producing the Gaelic action plan, Bòrd na Gàidhlig told us that the legislative support for parents is not a priority at this time. We could either take the advice of the experts, Bòrd na Gàidhlig, or we could ignore them. We chose to accept the advice of Bòrd na Gàidhlig, which is why we have accepted the recommendations of the Gaelic action plan.

A number of the areas in the action plan are definitely about school education. Gaelic education is an area that we have managed to protect in a difficult budget, both in relation to the budget that I hold and in the budget that is ring fenced and held within local government. We are maintaining our support for it. Bòrd na Gàidhlig also wants emphasis to be placed on the early years and parent-and-child learning activities. We have taken the advice of Bòrd na Gàidhlig in the action plan and that is what we are delivering on.

Ken Macintosh: You are suggesting that you did not deliver on that promise because Bòrd na Gàidhlig advised you that it should not be a priority.

Fiona Hyslop: At this time. If the advice had been that it was a priority for delivery this year or last year, that would have been in the action plan. It was not in the action plan as an immediate priority. It is an area in which we will continue to investigate the appropriate time for development and support. The challenges that local authorities face because of the financial settlement that they have received, despite again being protected, to which the member may have heard the Cabinet Secretary for Education and Lifelong Learning refer in Parliament recently, mean that this particular challenge may not be appropriate at this time. It might have been appropriate a few years ago, but times and circumstances have changed and we have acknowledged that.

Ken Macintosh: Finally, I want to ask about jobs. Have you calculated the impact of the budget settlement on jobs in your portfolio, particularly across culture, Gaelic and other areas? There are a number of cuts that you must implement or pass on. Have you estimated how many jobs will be lost as a result?

Fiona Hyslop: As I have already indicated, one of the pressures that we face is the fact that we work with a number of independent organisations—the companies and collections—a lot of whose expenditure is on staff, so we are conscious of the impact of the budget on staffing. That is partly why, instead of carrying out the cuts that the Westminster Government required last year, we deferred them until 2011-12 to give more time for planning. A number of the organisations

have embarked on either voluntary severance or early retirement schemes. You will have heard the Cabinet Secretary for Finance and Sustainable Growth talk about the Government's desire to be flexible in relation to future working practices so that—if we can come to agreement with the unions on this—we can continue with a policy of no compulsory redundancies in the organisations for which we are responsible. That is a huge comparative advantage for workers in Scotland over workers in, for example, England; however, it will take everybody working together to deliver that.

Currently, the references to support in the 2011-12 budget are to a number of schemes where there are planned reductions through early retirement and voluntary severance. I think that the number of posts involved is 33 for Historic Scotland, and other numbers are given across the piece. You must remember that these are small organisations, so the numbers in our portfolio will be lower than those some of the bigger portfolios such as health and education. That is a strong commitment, but it is a difficult one to fulfil.

The workforce is looking to us for stability for their families and their income. There is the consequence of a pay freeze, which is difficult for everyone, but it means that people are in jobs and can maintain the stability of their families and their spending in local communities. The situation is challenging, but that is where we are. We are conscious of the fact that there will be pressure on organisations.

Ken Macintosh: I appreciate—

The Deputy Convener: Hold on a second—you said “finally”. You have already had eight questions.

Ken Macintosh: I meant “finally” on the issue of jobs.

The Deputy Convener: Okay. Can you keep it tight?

Ken Macintosh: I appreciate the minister's response, but I am not sure that I accept the line about planning. She suggested that, last year, some decisions were taken with the object of securing organisations' ability to plan for the future, but the fact that we have only a one-year budget—as the minister knows, that issue has been raised repeatedly, including in evidence—does not allow them to plan.

I appreciate that the number of job losses may be relatively small compared with the number in other portfolios but, in smaller organisations, any job losses have a disproportionate effect. Will the minister be more precise about whether she has made an estimate of the impact of the cuts or has received such estimates from the organisations?

Over the next few months, will she assess exactly what impact the cuts will have on employment in the sector for which she is responsible?

Fiona Hyslop: I am not sure that the member understands that the policy is to offer voluntary redundancy or early retirement, which reflects individuals' choice, rather than targets that organisations have set. Currently, there are on-going voluntary severance programmes; I cannot provide a definitive number, because the programmes are still in progress. The point is that we are talking not about targets that must be met but about opportunities for which people must volunteer. That is an important legal distinction.

Ken Macintosh: I asked not about targets but about impact.

Fiona Hyslop: We do not know the impact because the programmes are on-going. People knew that there would be difficulties this year because last year we deferred the cuts, but at least they knew what was going to happen. Some organisations, such as Historic Scotland, took the opportunity to embark on the process last year. Linda Ellison can explain what Historic Scotland has done.

Linda Ellison: Historic Scotland has been looking at restructuring. Previously, we operated in three distinct areas, to some extent, but we have brought together our operations much more as a corporate organisation. We have talked about focusing on the Government's priorities, looking at how we achieve our objectives and being much clearer about how we do that. When embarking on that discussion with the organisation, we made people aware that, during a period of change, there is an opportunity for them to take early retirement or early severance, if they wish. The process is on-going—we still do not have finalised numbers—but we started it in the current year because we suspected that we would be moving into a climate in which we would have to be careful about our future funding and commitments.

Fiona Hyslop: We will continue discussions with all the organisations with which we work. Many people who are passionate about and involved in their work for the collections and companies are low paid relative to other parts of the sector but are loyal to their organisations. We are sensitive to their needs and to what the process will mean for the organisations.

Ken Macintosh: I appreciate that; I am sure that you are sensitive to the needs of the people who work in the sector. However, the Government's core purpose is to support the economy. That applies even to the area of culture. Although you also have a range of cultural objectives, I would have thought that one of your

department's key focuses would be on how it contributes to and impacts on the economy.

Employment is one of the most important issues that all the budget cuts will raise. I am trying to work out whether you have made an estimate of current employment levels in the sector and of what future employment levels will be because of the cuts. If not, will you collect information as the cuts are implemented? It does not matter whether the redundancies are voluntary—the point is that they are job losses. I would like to know whether you are aware of the scale of the cuts' impact on jobs.

Fiona Hyslop: Again, I reflect that we are having to come to these decisions as a consequence of decisions that were made by the previous Westminster Government in particular. The numbers will be not be nearly as high as the numbers in other areas where there are larger head counts. I refer you to the employment statistics that are produced—I think that some might be due shortly. Scotland has maintained quite high employment levels compared with other parts of the country, both historically and, interestingly, during the recession.

We had a discussion earlier about the reference groups that exist for a load of different industries. The whole point of the creative industries partnership is to examine how we grow the creative industries, including the employment opportunities and income from those industries. I referred earlier to the fact that there have been successful performances, with ticket sales and attendances being very healthy at this time. We talked previously about audience development providing more income to collections and companies, which will help to ensure that they continue to perform well. We need to continue to support those operations.

Clearly, there will be pressures on employment levels in the institutions themselves. Furthermore, although we have maintained the core funding for Creative Scotland, for example, it also supports a number of other organisations' employment levels. It is not like the national health service, where statistics are collected for the institution or organisation and the head count can be directly related to Government spend. The spend in the area that we are discussing is not just for the collections, the organisations or the companies that we work with. We must also consider the indirect employment opportunities that it creates in a range of areas.

The position of the creative industries and culture and heritage in Scotland is buoyant compared with where we might have been and where, perhaps, other countries are. If we look at the museums sector or, indeed, other sectors in England and consider the levels of activity there,

there is a 30 per cent reduction in Arts Council England's budget and a 6.9 per cent reduction in relation to the organisations and companies that it funds. That will have a knock-on effect and impact there.

There is an awful lot of indirect employment from the budget, so it would be disproportionate to count solely the organisations that we have a direct funding relationship with. I talked earlier about some of the national companies. Some 30 to 40 per cent of their funding comes from sources other than the Government. Are we responsible for the funding that does not come directly from Government in relation to employment opportunities? It is probably more challenging to find hard-and-fast numbers in this portfolio than it would be for other ministers to make a judgment call or indeed assess the employment statistics in their areas, because we do not count everybody who gets indirect funding through any of the organisations as an employee of the Scottish Government in relation to culture. It is just not feasible or tenable to do that.

Margaret Smith: I want to ask Linda Ellison a general question on voluntary severance and early retirement schemes. The discussions that I have had with my local police board, my local council and others suggest that, although shedding jobs through voluntary severance and early retirement might save some costs in the medium term, if what we are looking for is short-term cost savings, those schemes will not necessarily provide that. In fact, they can cost more money in the short term. Is that a fair reflection of the situation?

Fiona Hyslop: That is a reasonable assessment. We want to have sustainable organisations going forward and, given where we are, that means that we have to ensure that things are planned for on an on-going basis. You are correct. In many cases, there is an up-front cost for voluntary severance. Indeed, part of the arts budget in the current financial year has supported some of the programmes that have started this year, to help to ensure that the right decisions can be made.

However, such schemes also have consequences. Historic Scotland recently organised the my home, my place, my Scotland event, which brought the heritage bodies together in various activities. As is the case in the police and in social work, the age profile of those who work in the sector is such that the people who have the best experience in some of these areas, such as conservation officers, are of a certain age. It is important that we look at the skills mix in the organisations. One of the conversations that I had during the summer with the national collections in particular, but also with the national companies, focused on the profile of their staff, not only to

ensure that they work collectively together but to ensure that staff are supported with professional personnel functions. That is about ensuring that any change meets the needs of the organisation going forward in a sustainable way as well as relieving the cost pressures that we know there might be and maintaining the service that is provided. That is a huge challenge, especially in many areas where there is specialist expertise. Maybe I am stating the obvious, but I want to reassure the committee that we are aware of those pressures and that we are having individual discussions with individual organisations about what that means for them.

11:15

Linda Ellison: I recognise what you are describing. We are trying to take out some management layers but, over time, we are also saying to people, "If you want to stay with Historic Scotland, we will do our utmost to keep you," and we are focusing on other bits of the business where we believe that we can create efficiencies. We are focusing very much on administration costs and believe that we can make some reductions there as well as through shared service arrangements and partnership working. Our focus is on doing our best to keep those who want to stay with Historic Scotland.

Margaret Smith: Thanks very much for that.

The Deputy Convener: Thank you very much. That brings this part of the meeting to a close. I thank the minister and her officials for their attendance.

The Cabinet Secretary for Education and Lifelong Learning will not be able to join us until 11.45, so we will have a break until just before then.

11:17

Meeting suspended.

11:43

On resuming—

The Deputy Convener: I welcome Mike Russell MSP, the Cabinet Secretary for Education and Lifelong Learning. With him, from the Scottish Government, are Colin MacLean, director for learning; Andrew Scott, director for lifelong learning; and Sarah Smith, director for children, young people and social care. I invite the cabinet secretary to make an opening statement.

The Cabinet Secretary for Education and Lifelong Learning (Michael Russell): Thank you. You will have noticed that, in cash terms, the Scottish budget will be cut by £1.3 billion next year

and the education budget will be reduced by £237.9 million. The scale of those cuts is unprecedented and poses a significant challenge both to the delivery of public services in Scotland and to economic recovery. The Government has worked hard to balance the budget across all portfolios and we have shown leadership in preparing Scotland for the tough choices that must follow.

In the education and lifelong learning portfolio, we have reduced the budgets for the Scottish funding council, Learning and Teaching Scotland, the Scottish Qualifications Authority and Skills Development Scotland. We have done that by increasing efficiencies and reducing duplication, ensuring that there will be no detriment to front-line education services. We have reached a deal with COSLA and come to an agreement with universities and colleges to protect teaching jobs and student places. Because of our deal with local government, 2,800 probationary teachers leaving education and training this year will have the same number of job opportunities available to them. Across Scotland, pupil teacher ratios in primaries 1 to 3 will now be maintained next year. By working with colleges and universities, we have ensured that the total number of student places will also be protected.

11:45

Despite the pressure on budgets, we have preserved access to university based on the ability to learn, not the ability to pay, and we have guaranteed existing levels of living cost support for students. We have also saved the educational grants for school pupils, although those are being slashed south of the border. Elsewhere, we have found £5 million of funding for a new early years and early intervention fund to help the voluntary sector to deliver vital services to our young and vulnerable.

In my portfolio, as in all portfolios, tough decisions have had to be taken. However, with a limited pot, we have worked with our partners to ensure that the portfolio protects front-line services and jobs and continues to make education accessible to all. In many circumstances, I am asking people to do the same for less. I am conscious of the fact that I am asking that and I am grateful that so many are rising to that challenge. We remain committed to giving every child the best start in life, raising standards in teaching and learning, providing strong and better learning opportunities for school leavers, protecting access to education based on the ability to learn and not the ability to pay, and supporting skills development that benefits current and future workforces.

The Deputy Convener: The draft budget document and ministerial guidance state that student maintenance support and student numbers will be maintained at current levels. Why, therefore, has the Student Awards Agency for Scotland budget line for tuition fee payments made to institutions and grants and bursaries made to students fallen by £14 million for the financial year 2011-12?

Michael Russell: There is one material change of which you will be aware. I have, reluctantly, decided to transfer the travel costs that students can recoup from grant to loan. There are no travel costs payable south of the border. That will result in a very small increased payback from students. It has been necessary to look at every single item, and that is one item that I decided that we had to and should change.

On the other hand, I have given a guarantee to students that their student support will not be affected. Indeed, in the education maintenance allowance we have been able to maintain something that has been virtually abolished elsewhere. I think that we have done as much as we can by students this year. Of course, the issue of student support will also be part of the green paper.

I will ask my officials to comment on any technical issues as they arise. Andrew Scott may be able to add something.

Andrew Scott (Scottish Government Directorate for Lifelong Learning): The total SAAS funding will fall by £18 million, from £534.6 million to £516.6 million. That amount of £18 million comprises two things. First, there is a £4 million reduction in something called annually managed expenditure—a series of essentially technical charges that are calculated for us by the Office for National Statistics and the Treasury. The other, more substantial change is a reduction of £14 million in our departmental expenditure limit budget. That change comes about substantially because we are moving from a system of grants for travel expenses to increases in student loans. What scores in the budget is a reduction of £20 million brought about by the fact that we are paying only the resource accounting and budgeting charge on the new loan provision. In fact, we have reduced the DEL budget by only £14 million. The reason for that is that we have more higher national diploma students than we had previously, and they attract a higher rate of student support. We are also attracting students who score better in the means test than previously. That is a consequence of the recession—people are poorer than they were, so they are qualifying for more student support.

The Deputy Convener: What is the £14 million reduction in the DEL figure as a percentage?

Andrew Scott: I do not have the percentage in my head, but it is £14 million out of £534.6 million.

The Deputy Convener: That is about 2.5 per cent.

Andrew Scott: Yes.

The Deputy Convener: Okay. The Scottish Government has outlined a number of priorities, one of which is to deliver qualifications that develop the skills and capabilities that are required for entry to and progress in the labour market. How does the new budget assist that priority?

Michael Russell: It does that in a number of ways. First, although there is a reduction in college funding, the colleges have agreed to provide the same number of places, so we are able to offer and secure that type of training through our very hard-working college sector, which is very positive. Secondly, there is the role of Skills Development Scotland, which is also endeavouring to provide as many places as it can, of the various types of place that it delivers, within the restrictions that exist. That number has not yet been set, but I am ambitious for it to reach previous years' targets. That discussion is taking place.

I make no secret of the fact that all organisations in the coming year are being asked—I used the phrase in my opening remarks—to do the same for less money. However, we are trying to ensure that the good work that is done is not diminished in the front line. That is difficult and it will require good will from the organisations involved, but I believe that that will be the case. There is a variety of other places within the budget where we show that we continue to support training for work. Of course, activities are being undertaken, such as partnership action for continuing employment, that help and assist those who are affected by redundancy or the closure of companies.

The Deputy Convener: Time is short and we have many questions to ask, so I open it up to other members.

Alasdair Allan: Can I ask specifically about the place of school-college partnerships in the budget? Does ministerial guidance affect those?

Michael Russell: School-college partnerships are valuable, but there has been an element of double funding in those partnerships whereby funding has gone to schools and to colleges essentially for the same number of young people. We have tried to strip that out in the budget. It is always necessary to keep looking at budgets and find out whether we can do that. I suspect that, regrettably, there will be a reduction in some school-college partnerships simply because of the financial pressure, but many will be retained, and we are keen to ensure that they are retained.

Alasdair Allan: Is there anything that colleges can do to make their courses more efficient, while maintaining the quality of teaching?

Michael Russell: We are constantly in discussion with the college and university sectors about how there can be maximum efficiency. The issue of ensuring that there is maximum efficiency will undoubtedly arise in the green paper on the higher education sector. As Dr Allan is aware, that is of course never an absolute, but there is constant pressure to ensure that it happens.

Issues arise all the time about the structure of the college sector and how we can best deliver in it—that will remain a focus. Indeed, I expect it to become a stronger focus over the coming years. Perhaps Dr Scott would like to say a word or two about that.

Andrew Scott: The college principals have recently been working with Russel Griggs on how they might arrange their activities more efficiently in the future. They have been talking to us about it and have been talking among themselves about it. It is a continual topic for debate among them now. They believe that, by collaboration, they can organise their activities more efficiently than they do at present. Indeed, when we spoke to them during the period prior to the budget about how they might maintain student numbers, they were confident that they could improve their efficiency in that regard.

Alasdair Allan: The budget talks about reducing and repurposing funding for other strategic initiatives. Can you say which strategic initiatives you are thinking of and what impact that will have?

Michael Russell: There are a number of examples where we have thought very hard about what we want to achieve and then have focused our resource. For example, in the agreement with the Convention of Scottish Local Authorities, we ensure that we continue to reduce the number of unemployed teachers and that we provide opportunities for post-probationary teachers. The repurposing is also very clearly seen in the new fund for the early years. Perhaps Sarah Smith would like to say a word or two about that.

Sarah Smith (Scottish Government Directorate for Children, Young People and Social Care): The commitment to the early years framework was repeated in the recent agreement with COSLA, along with the other two social frameworks. As part of the approach that we have taken to making the reductions that we needed to make but focusing on priorities, we have drawn together an additional £5 million to be put into an early years and early intervention fund, which we are directing at the voluntary sector because we feel that, through the third sector, we can best

reach the people who are going to have needs in these difficult times. We will issue guidance shortly on the criteria and how we will do that.

Alasdair Allan: How will the horizon fund be affected by budget proposals, particularly those relating to spend-to-save initiatives?

Michael Russell: I will ask Dr Scott to say a word about this in a moment, but there has been a lot of discussion about the horizon fund over the past year; indeed, it arose during the discussion of the tripartite advisory group by the committee some weeks ago. The horizon fund has been a very useful innovation but, as the university sector faces up to the changes, which are not simply budget-driven changes but changes that are taking place in the definition of what the state's responsibility is in higher education—at least, south of the border, although I do not think that our definition needs to change—there will be a need for universities in particular to change. Part of the horizon fund needs to be refocused to allow that type of change to take place, and that is what we have said to the Scottish funding council.

Andrew Scott: I have very little to add to that. It is for the funding council to come to a view on how it wants to spend the horizon fund within the terms of the guidance letter that we issued. We have asked the funding council to think about how it might help institutions, particularly smaller institutions, to adjust to a more stringent financial climate.

Margaret Smith: I would like to ask about capital. I visited Motherwell College a couple of weeks ago. Obviously, we have had a very good period of capital investment in our colleges, but it is clear that we are now facing a very difficult period. The individual budget lines for capital funding for further education colleges and higher education institutions have been merged for 2011-12; I think that they have been merged since the 2010-11 budget. Why have they been merged? How will capital funding be prioritised between the further and higher education sectors? I do not think that the ministerial guidance letter made that clear.

Michael Russell: There is a severe reduction in capital, which is much more severe than anybody expected, and it will cause real problems. I am happy to pay tribute to the previous Administration and the current Administration for the investment that they have made in the college and university sectors, but that ambition—I was about to say “generosity”, but that is not the right word—is about to be reduced.

The two lines were merged to ensure that reducing sums of money could be used as effectively as possible. That was an administrative

decision, which will not, I think, have a major effect.

The real issue is which of the colleges that are still in the pipeline can be funded using the old direct method and which should be funded using the non-profit-distributing model that the Cabinet Secretary for Finance and Sustainable Growth announced in his budget. That is a matter for further discussion. It is clear that there are colleges in the pipeline that will be completed using the existing model; the non-profit-distributing model is more likely to be used for colleges that have not yet produced their final business case or had it agreed. That will not mean that they will not get resources; rather, it will mean that things will be done in a different way.

I cannot disguise the real concern that the budget line gives. Our college estate requires continual maintenance, for example, and we know from previous Governments that cutting back on maintenance is not a painless choice and that difficulties arise. In those circumstances, everything will be done to assist in the best way that we possibly can. However, there is no doubt that the cuts that are coming from south of the border are too deep and too fast. I know that that view is already on record for the committee and that my giving it again does not help Margaret Smith.

Margaret Smith: I know that you always try to be very helpful to me. Given the level of capital investment that was undertaken by the previous Administration and continued by the current Administration, I hope that the capital projects that most badly needed to be addressed were addressed in the previous decade. That might be one blessing for us at this time.

You have anticipated my next question, which is on the impact of the cut. Can you give us any examples of projects that might be delayed as a result of it? You have said that some projects will be financed using the existing method and that an NPD method will be used for some projects. When will institutions have a greater understanding of the methods that will be used and, indeed, whether projects will be funded at all?

Michael Russell: I think that the commitments that have already been entered into will be honoured. I do not see them coming to an end. The question arises for the colleges—I think that there are three in particular—that have not yet submitted their final business case or had it approved. Dr Scott might want to add to that.

Andrew Scott: Yes. When we have been thinking about the budget, we have arranged things in such a way that all the existing commitments that we have made can be finished off. That is the consequence of the capital

maintenance budgets. Last year, the funding council funded more than £60 million of capital maintenance in the sector. Next year, the figure will be around half of that, and the colleges at Kilmarnock and Inverness and the new campus Glasgow project will all have to go into the funding mechanism.

12:00

It is likely that the funding council will also have to make difficult choices around which projects to continue with next year that have not yet started. I am thinking of projects such as the refurbishment of the Kydd building at the University of Abertay Dundee, issues around the Heriot-Watt University estate and the refurbishment of the library at the University of Stirling. All those things have to be considered afresh.

Michael Russell: I should point out that none of those projects has a business case that is in front of the funding council.

Andrew Scott: Not for the colleges, no.

Michael Russell: Absolutely. In my letter at the end of August approving the merger of the Glasgow colleges, I made it clear that a new business case needs to be produced for the new campus Glasgow. I made it clear that the previous desire to build a £300 million all-singing, all-dancing campus was no longer affordable in the current times. I am confident that there will be investment in that estate, as that is required. However, we need to see the business case. My letter also suggested that the business case should be produced in the first half of next year because, although the plans will require to be recast substantially, I am sure that there will be investment and that that will happen within the timescale that I anticipated in August when I wrote that letter.

Margaret Smith: On finance, it has been said that dealing with a one-year budget makes it more difficult for people to plan ahead. How are colleges and higher education institutions able to plan effectively for capital investment projects when they are dealing with a one-year budget? In reality, does your department or the funding council talk beyond that, even though, in black-and-white terms, we have a one-year budget? How does that work in taking forward capital investment?

Michael Russell: The issue of a three-year budget is above my pay grade. The debate on that took place last week and I am sure that there is more to be said about it. However, there will of course be regular dialogue between my officials and colleges and universities about the academic year budgeting. Clearly, the tap will not be turned off at an arbitrary date, and it would be wrong to suggest otherwise.

The changes that might happen need to be thought about. We will shortly publish the green paper with a commitment to bring in new funding mechanisms should those be required in 2012-13. That has been a commitment all along—Margaret Smith and Mr Macintosh were at the higher education summit in which that commitment was entirely clear. We and the university and college sectors are clear that this is an exceptional year and that changes will be required in the year after. That is already accepted. We know that. That was the stuff of discussion even before the budget was published.

In all those circumstances, we are working together on delivering at the front line as best we can and trying to ensure that services are maintained, while acknowledging that changes are coming. That is even without mentioning the Christie commission.

Christina McKelvie: I have a question about some of the challenges for SDS and the national training programmes. Will any of the traditional training programmes or modern apprenticeships be affected by the reduced budget for SDS in 2011-12?

Michael Russell: SDS has still to conclude the exact numbers that it can and will deliver. However, I made it clear in my opening remarks and in answering earlier questions that I am ambitious and I expect SDS to be ambitious. At present, we are looking at a total of 34,500 training places. There will continue to be a demand and we will try to meet it. The agreement that we made with the principals of universities and colleges makes a commitment to retaining a number of places. I expect SDS to work hard to maintain the number of training places.

Andrew Scott: This year's training offer includes 5,000 flexible training opportunities and quite a lot of help for the unemployed through training for work and get ready for work—there are 14,500 opportunities there. We hope that those can be continued for the foreseeable future.

Christina McKelvie: At its evidence session on the budget yesterday, the Equal Opportunities Committee heard it suggested that, instead of being protected and improved, training opportunities and support, such as redundancy packages, for unemployed people might well be disproportionately affected. How will the Scottish Government protect and improve such aspects?

Michael Russell: We have shown this in our activity right across the portfolios but, speaking for myself, I have very much worked on the principle that those who have least should not have less. Indeed, that has been very much at the centre of my thinking since I started on this process. For example, we have protected places for learning in

colleges and universities; we are trying to protect as much as we can in school education; and, as we have indicated, we are trying to protect SDS.

Special activity is also being undertaken. Throughout the summer, my colleague Keith Brown, who is known to the committee, was working very hard on the summer leavers package. Not only will he continue to work on those matters, he is carrying out work on youth unemployment, analysing the figures and ensuring that we take the issue forward. In every regard, I and the estimable Mr Brown are working very hard on these issues.

Christina McKelvie: I am concerned that those who are furthest away from the job market will get even further away. Obviously, there are challenges in that respect.

Michael Russell: As we know, those who suffered unemployment in the 1980s very often found themselves in a dead place—I was going to say spiral; if only it were as positive as that—and that had generational effects. We are conscious of that risk and are certainly focused on and working very hard to try to change the situation.

The youth unemployment statistics contain some interesting detail. For example, it is becoming clearer and clearer that quite a lot of the youth unemployment in Scotland is a result of students seeking part-time work, which is putting great pressure on student support. We are also aware that not providing adequate student support can lead to higher drop-out rates. Unfortunately, though, it is quite impossible to increase the rate of student support at this stage, although, as the green paper that I am producing will indicate, I have longer-term aspirations in that respect. Nevertheless, I am trying to preserve that support as much as possible and, given the circumstances, what is contained in the proposed budget is much more positive than what we have seen south of the border. I am glad that the National Union of Students has reacted so enthusiastically to what we have been able to do.

Christina McKelvie: One of the success stories is the way in which the colleges and SDS have worked together on some of these issues—indeed, Motherwell College is an excellent example of that—but will the budget challenges that both face affect the skills agenda and therefore sustainable economic growth?

Michael Russell: It is wrong to say that there will be no effect, but I want to minimise that effect through the good will and working together of all players. The situation is difficult, but the positive engagement that we have had with college and university principals on delivering the same number of places gives me hope for the whole sector. These are not normal times but if, in

abnormal times, we are able to work as hard as this, we will, I hope, protect those who need most protection and work our way through.

Christina McKelvie: In light of the very hard work that the committee has put into the reform of the children's hearings system and the new systems coming into place, will the small reduction in the Scottish Children Reporter's Administration budget have an effect?

Michael Russell: No, it is perfectly manageable. Again, it is a case of doing as much for less. I have been assured by the SCRA and its effective leadership that the organisation will work as hard as ever, and those people have a great commitment to what they do.

The Deputy Convener: The budget for the national continuing professional development team and school leadership projects will be cut by two thirds to £1.2 million. On 19 November the *Times Educational Supplement Scotland* suggested that local authority CPD budgets would also be cut. How crucial is that budget line to the quality of CPD and school leadership in Scotland?

Michael Russell: The cut relates to the money given to the universities as compensation for the cut in teacher training places. We have had to remove that money; after all, you cannot go on paying people compensation every year and we have certainly not been able to do so this year.

We must recognise that CPD sits within a whole range of budgets and activity. With curriculum for excellence, we are moving from intensive investment in the first stage to investment in qualifications, but CPD is being protected and is taking place.

I visit schools and talk to head teachers and teachers a great deal. Yesterday, in a week when visiting has been a little bit difficult, I was on the phone to the head teacher of Oldmachar academy in Aberdeen, who told me that he was in the second of two CPD days at the school. That activity did not involve bringing in expensive, all-singing, all-dancing experts. Instead, the school as a community—and the teachers of that community—reflected on where they were and examined assessment and moderation issues. In particular, some four months after curriculum for excellence had rolled into secondary 1, they were looking at how they would report to parents at the end of the academic year.

Sometimes CPD is misunderstood as resource and help that need to be bought in from elsewhere, whereas it can be as simple as creating space and time to ensure that reflective practice takes place, that people learn from their experiences and that one school helps another, which in itself is a very big issue that we are keen to take forward. We have looked at CPD very

closely and have concluded that it is a dynamic process. Yes, there are resource issues, but it will continue in an effective manner.

Ken Macintosh: Does the teacher workforce planning group still meet and, if so, did it recommend that teacher training numbers be kept at the reduced level?

Colin MacLean (Scottish Government Directorate for Learning): Yes, the group still meets. It was felt that, given the projected numbers of teachers in authorities—we have seen those figures today—probationer numbers needed to be kept down for at least another year. We will take a view next year on how to balance the number of people leaving and the number required to come in.

Ken Macintosh: How does that sit alongside the commitment to maintain either teacher numbers or the pupil-to-teacher ratio?

Michael Russell: The commitment that I have made to COSLA—I am sure that you have read the documentation, so you will know what that commitment—

Ken Macintosh: No.

Michael Russell: You have read the documentation, Mr Macintosh?

Ken Macintosh: The documentation? Sorry—yes, I have.

Michael Russell: Good, because I thought for a moment that you were denying that you had done so.

Ken Macintosh: However, if the minister is offering to share all the documentation—

Michael Russell: No, I am offering to share the public documentation. I am glad that you have read it, because otherwise it will take me a long time to explain what it says. Let me try.

The commitment to COSLA is clear: we want it to maximise its teacher numbers. As you will have seen from today's statistics, the decline in teacher numbers is slowing quite dramatically and I expect that, with the position that we have reached with COSLA, we have turned the corner and that next year teacher numbers will stabilise. There are other issues to deal with, such as falling school rolls, but I am keen that probationers this year get an opportunity to go into jobs next year. That strikes me as the issue, rather than magic figures about total teacher numbers, and what we have is a commitment that there will be the same number of vacancies as there are post-probationers coming out in June, which is an excellent and really positive step.

In addition, we have protected probation places, which, given councils' concerns and worries

before they received this excellent settlement from the Scottish Government, would have been in question.

Moreover, in addition to all that, I have told councils that I want to continue to eat into teacher unemployment. In October, we had the second month in a row of year-on-year falls in the claimant count, which was another positive sign. All those things will take us forward on this difficult issue, the biggest impact of which has been on post-probationer employment. We will solve that and have also slowed down the reduction in—and will, I hope, stabilise—the number of teachers in Scotland. The process has been hard and difficult but I have to tell you, Mr Macintosh, that it is this kind of practical action that I have taken since coming into office that is making the difference.

Ken Macintosh: It is obviously making a difference to teacher numbers, which I think we will return to. I was asking specifically about teacher training.

Before I move on to questions about the SQA, I will ask a general question. Am I right in thinking that the average overall budget cut across Government is roughly 6.7 per cent?

Michael Russell: Yes.

Ken Macintosh: The cut in the education budget, however, seems to be 10.3 per cent or thereabouts.

Michael Russell: No.

Ken Macintosh: It is not. What is the general cut? Other than the justice budget, which has been cut by about 10.4 per cent, education appears to be the department that will have the biggest cut of all. Is that the case or is somebody else worse off?

12:15

Michael Russell: You are not seeing the full picture. I will help you to see it. The education budget has two parts. One part is college, university and other costs, which include children's costs. That is under my control in the sense that I can adjust that budget. The other part, which is almost two thirds of the money that we spend on education—it is certainly well over half and approaches two thirds—is the money that goes into the local government settlement. The reduction in that will be lower than the reduction in my budget. The reduction in the education budget across the board—we will work out the figure for you—is broadly the average.

Ken Macintosh: Leaving aside the local government settlement, to which we will return—

Michael Russell: I cannot leave it aside, because a substantial part of it is for education.

Ken Macintosh: I certainly do not wish to leave it aside either; I just believe that other committee members will return to the subject. I will ask about the budget that is under your control at the centre. Am I right in thinking that your direct budget has had the highest or the second highest cut or fall?

Michael Russell: I do not produce such league tables; I consider the resources that I have and try to live within the allocations that I will receive. I also argue for and try to secure changes in those allocations. It is up to you to publish, as I am sure that you will, a league table of those who have the least and the most. I have tried to spend within the resources that I have. My particular difficulty is that a substantial proportion of my budget is not under my direct control.

Colin MacLean: The budget that Mr Russell controls directly will reduce by just over 10 per cent in real terms but, if we take account of the money that local authorities spend on children's services, employability and school education, the reduction is much smaller, so the overall figure is much less than 10 per cent.

Ken Macintosh: As I said, we will return to that. The figure is more than 10 per cent. Is any budget worse off than education?

Michael Russell: As I said, you must work that out.

Ken Macintosh: It is more a question of fact.

Michael Russell: You must work it out. I do not know—I do not produce such figures. I do not sit working that out. I am rather busy trying to work on education. If you want to work out those figures, please do.

Ken Macintosh: I appreciate that such decisions are difficult but, if government is all about priorities—it is clear that the Government has prioritised some matters—and if the average cut is 6.7 per cent but the cut in your part of the education budget is more than 10 per cent, that appears not to be a priority.

Michael Russell: No, that is not the case, but if that is the inference that you draw, please draw it.

Ken Macintosh: The SQA budget line seems to drop from £8.3 million to £5.3 million. Will you explain that? Other money will go to qualifications, but you are well aware of the difficulties that we had with exams and the SQA in the past.

Michael Russell: You and I were both members of the Education, Culture and Sport Committee at that time.

Ken Macintosh: Absolutely. I am sure that you as the cabinet secretary would like to reassure the committee and others that such a budget cut is manageable.

Michael Russell: I am sure that you do not wish to imply that a cut in resources caused the SQA problem in 2000. You and I know that that was not the case—we were members of the committee that conducted an inquiry into that. Such an implication would be unfortunate and I am sure that you do not wish to make it.

Colin MacLean will deal with both points.

Colin MacLean: You cited reductions of 10.3 per cent and 6.7 per cent. The 6.7 per cent is in cash terms and the 10.3 per cent is in real terms, so you are not comparing similar figures.

Ken Macintosh: I did not refer to 10.3 per cent—I asked about a fall from £8.3 million to £5.3 million.

Michael Russell: Colin MacLean was referring to a previous question.

Colin MacLean: Earlier, you said that the education budget would reduce by 10.3 per cent and that the average reduction was 6.7 per cent, but that was a cash average, whereas the 10.3 per cent is in real terms.

Ken Macintosh: I ask for comparable figures. If 6.7 per cent is the average in cash terms, what is the average real-terms cut?

Colin MacLean: I do not have that information.

Michael Russell: We will write to you with whatever information we can provide.

Ken Macintosh: Am I right in thinking that the figure is above 10 per cent?

Michael Russell: I have no idea.

Colin MacLean: We will write with figures.

The total SQA turnover is of the order of £66 million, so the reduction is about 5 per cent of that total.

Ken Macintosh: The pay budget of Her Majesty's Inspectorate of Education will be cut from £12 million to £10.5 million. Does that reflect reduced staff numbers?

Colin MacLean: There are two factors in that. One is that one of the child protection inspection teams is moving from HMIE to another agency, which is being set up, and the funding for that team is moving with it. That accounts for part of the reduction—the funding is just moving elsewhere in Government. Secondly, there is a reduction in overall inspection activity in line with other scrutiny bodies.

Ken Macintosh: On the numbers, what will the staff loss be to HMIE as an on-going organisation?

Michael Russell: I do not know. We can ask the chief inspector to write to you on that.

Margaret Smith: I want to double-check something. In the safer children, stronger families budget line, there are a couple of reductions against what is overall a rising budget. One is at level 4 on child protection, and another is under getting it right for every child—both headings have a reduction. What does the reduction mean, particularly in child protection?

Michael Russell: We must remember that GIRFEC is moving from the intensive pilot to roll-out stage, so it is not surprising that the budget may change. Sarah Smith might like to deal with the child protection budget.

Sarah Smith: The child protection budget line refers to the small budget that we hold at the centre. The budget that local authorities, health boards and the police spend on child protection is far bigger than the central budget and is not directly affected by it.

We are seeing a reduction in the budget line for next year because we are completing one major project: the development of the new guidance on child protection, in which we have managed to embed the getting it right for every child principles. That is one major product that we planned to complete, and will have completed, by the beginning of the next financial year. The other main reason why we can reduce the child protection budget line is because in the past two years we have provided start-up funding to the centre of child protection expertise in Stirling—the multi-agency resource service, or MARS—and we do not need to provide such intensive funding for future years.

Margaret Smith: That is good. Thank you.

The Deputy Convener: Cabinet secretary, there are a number of budget lines for research and training that are intended to improve practice. They include social services centres of excellence, improving delivery and workforce development. Those budgets are declining by 38 per cent from £13.5 million to £8.3 million. Has the Government assessed what the impact of those cuts will be on efforts to improve front-line practice?

Michael Russell: I will deal with them separately because they deal with a variety of issues. I ask Sarah Smith to respond to the question whether there has been an assessment of the impact on front-line social work services of a reduction in the training budget.

Sarah Smith: In making the budget proposals for next year, we have focused on early years and early intervention. In particular, we have protected the budget lines that we give directly to the voluntary sector. That includes, for example, the budget lines for the Family Fund trust that supports families with disabled children and other

voluntary organisation budget lines, such as the unified voluntary sector fund.

We have therefore looked for savings largely in the funding for more generic support and capacity building for the social work and social care workforce. We have been able to find savings because, again, we have come to the planned end of a series of work to develop products following the “Changing Lives” report a few years ago. We have produced products in leadership, personalisation and the continuous learning framework, and we are now at a stage of embedding them. We will still provide resource, for example to the Association of Directors of Social Work, for some capacity to work with social workers across Scotland to apply the learning from the products, but the main national work has been completed.

Michael Russell: We also look for opportunities to involve the third sector and others in promoting good practice. For example, you mentioned the substantial fall in the workforce development budget, which reduces from £2.62 million to £0.89 million. The £1.73 million cut is due to a transfer of some functions to the Scottish Social Services Council. That is a body that we believe will do the job in a different way; it is about learning networks and workforce development.

There are always such opportunities, and it is right that we take them. Perhaps this exercise makes us work even more intensively, asking whether other people can do a job—and do it more effectively.

The Deputy Convener: It is interesting that, in contrast, the unified voluntary sector fund is increasing by about 44 per cent. In fact, it is significantly more than that: the entire positive futures budget increases by 44 per cent, but the unified voluntary sector fund is increasing by 70 per cent. Will you explain what that fund does and why, during a time of great financial difficulty, its budget is increasing so substantially?

Sarah Smith: The title of the level 4 budget is part of the problem. The unified voluntary sector fund will stay level at £7 million next year; we have rolled over the funding. However, because we did not have a separate line for it, we have put into that line the new money—the £5 million—that we are providing for the early years early intervention fund. For future reference, we will separate out those two funds to make it clearer for the committee. It was because the early intervention fund was a new thing that we put the additional £5 million in that line.

We are holding the unified voluntary sector fund steady. It provides a range of support to voluntary organisations across Scotland. In particular, resource goes to family mediation and couple

counselling; a range of children's organisations, such as some of the uniformed children's organisations; and it provides resource to Children in Scotland. If you like, we can give you a list of who we are supporting through the fund—it is about three pages long.

The Deputy Convener: That would be of interest.

Margaret Smith: I want to pick up on two things that were mentioned. In her previous answer, Sarah Smith said that she was trying to protect budget lines for the voluntary sector and the deputy convener just asked a question about the voluntary sector fund. What is the attitude towards trying to protect the voluntary sector, if I can put it that way? We all know from experience in our areas and elsewhere of the excellent work that the sector does, how precarious the futures of many of those organisations can be and how reliant they are on some of the funding that comes from Government, either directly or indirectly through local authorities. Will you tell us how that plays through when you consider your budget?

Michael Russell: As Sarah Smith indicated, it plays through quite well. For example, there is a commitment to ensure that the new £5 million early years fund will go through the voluntary sector. I believe strongly that the voluntary sector can sometimes deliver better than Government and might reach the parts that Government does not reach, if I may put it that way. That is the positive nature of the arrangement.

We cannot tell local authorities to spend X or Y on the voluntary sector but, as representatives, I am sure that we are all involved to a greater or lesser degree in arguing for voluntary sector organisations in our localities and saying, among other things, that those bodies can do as good a job and sometimes a better job in a more cost-effective way. We will all want to ensure that that remains of great importance to us.

Margaret Smith: I will move from the voluntary sector to the school buildings programme. I refer you to line 76 of the level 4 figures: is the £20 million for schools for the future for those schools that have already been announced? When will work on the remaining schools be announced?

Colin MacLean: The work on schools that have been announced will go ahead; we are in discussions with the authorities and the Scottish Futures Trust about how that will be managed and the timing of the individual projects.

Michael Russell: There is a determination to ensure that what we have announced will stay in the budget. That is absolutely true.

At an event two weeks ago I gave a strong indication that we need to consider our criteria more carefully for the remaining schools, which are likely to be in the non-profit distribution model from now on. I have said, and I am happy to say again, that in deciding on what happens next we will try to roll up from the bottom in terms of the schools that are in the worst condition. By and large, that has been happening, but because of the geographical issue that we are trying to address it might not have had quite as much focus as it should have done. There are no category D secondary schools left in Scotland, but there are two category C schools with some D characteristics, so we have to look at those. There is a range of category D primary schools, not all of which will remain open because I know that where local authorities have big capital issues they are considering whether to keep such schools open. My thinking will be driven towards those schools in the worst condition in Scotland and I hope to be able to say something about that shortly—at the turn of the year or early next year.

12:30

Margaret Smith: Minister, you are looking first at the schools that are in the worst condition. If they all happen to be in same geographic area, how will that work?

Michael Russell: The one caveat is whether a local authority has deliberately ignored the state of its school buildings. I am not sure that we should reward bad behaviour, but I do not want pupils to be in unsuitable schools.

This Administration has made a huge step forward. The number of children who have been put into schools that are in better condition as a result of the 300 schools that we have already opened means that we are moving on this. I am always conscious, however, that we can do more. Remember that category D is the worst category and that no secondary schools are in that category now. That is very important.

In the circumstances that you describe, I will be driven by need. That seems to be a rational approach to take.

Margaret Smith: Will a particular NPD scheme be used for future projects or will it vary from project to project?

Michael Russell: The Cabinet Secretary for Finance and Sustainable Growth will bring forward those details as required. He will want to make sure that the scheme that is used is cost effective and does not, in any sense, repeat the errors of the past.

Margaret Smith: I will move on to young offenders. A number of the budget lines relating to

young offenders have been reduced, such as those for high risk, transition, secure care and alternatives, and preventing offending by young people. They include programmes on alternatives to custody, improving the secure estate and alternatives to the secure estate, and delivering better outcomes for children who are at risk of offending or who are offending. That budget has been reduced from £7.2 million to £5 million. Does that represent a lower priority for those areas? Is it considered to be a part of the early intervention agenda, or is the focus on intervention in the early years only?

Sarah Smith: We deliberately talk about early years and early intervention, and we see early intervention as broader than early years. It is about intervening as soon as we possibly can. In that situation, the budgets are directed towards pilots of working with young people—often older young people—on diversions from crime and offending behaviour. Some of the committee might be aware of the whole system's approach in Grampian, where, since May, we have been looking at care and diversions from offending for older children. That has managed to reduce referrals to the children's reporter by 50 per cent.

In each of the budget lines, we are working with a range of delivery partners and trying to pilot and share learning about different approaches. We have been able to make reductions in the lines for next year because a number of the pilots are coming to an end at the end of this year. Ministers might decide that they want to do further work on some of those pilots and carry on with them in different ways or different areas.

Margaret Smith: That is quite reassuring. We would be concerned if, in response to what I accept is a difficult financial situation, Government ministers were inclined to give up on some of the programmes that will bear fruit in the longer term, such as the preventive work that the Finance Committee has been considering.

It might be a relatively small amount of money, but the adult literacy and numeracy programme appears to be reduced from £1.84 million to £1.47 million. We all accept the importance of literacy and numeracy—I am absolutely clear that the Government accepts it—so could you give me some explanation for that figure?

Michael Russell: I will. As with CPD, there is a range of budgets. One of the problems that we face when we get to level 4 detail is the fact that a lot of the headings need further refinement and we need to understand how money is moved from one place to another as some projects come to an end and others start up. A range of budget lines will meet literacy and numeracy costs, and they will pick up the clear intentions of the literacy action plan. We are confident that that will be

delivered from within a range of budget lines, including adult literacy and numeracy programme budget lines and a number of others.

Andrew Scott: Most of the expenditure for literacy and numeracy comes from elsewhere. The adult literacy and numeracy programme budget is a relatively small one that enables us to support the implementation of the strategy and to give attention to the various hotspots that occur around Scotland.

Margaret Smith: Can you pull together for the committee the different budget lines where we might find details of literacy and numeracy funding?

Michael Russell: I am happy to give you an analysis of where we are. A great deal of the work under the action plan is focused on the work of delivery partners, rather than simply on what central Government is doing.

Christina McKelvie: I wish to ask about some particular aspects of the COSLA agreement—I will go through them separately.

First, one part of the agreement was a change from measuring the size of a class to the use of pupil teacher ratios. How is maintaining the pupil teacher ratio a measure of success when it comes to class sizes? How does that impact on the commitment to reduce teacher unemployment? Our briefing suggests that fewer teachers may be needed to maintain PTR. Can you give us some insight on that?

Michael Russell: Your briefing must be erroneous—I do not think that it came from us.

The commitment to the teachers is clear. The figures for what we are trying to achieve are clear. The dependence on the pupil teacher ratio is essentially to maintain the progress that we have made. I would have thought that local authorities would welcome the use of PTR because it is not didactic—it does not insist that every single class that is in the position that it is in now will stay that way forever. There will clearly be pressures, but I want to maintain the progress that has been made, and the statistics that are available this morning indicate that there has been further significant progress, in excess of the agreement that I reached with COSLA last year.

Christina McKelvie: Turning to the next issue, under the agreement there is a commitment between you and COSLA to reduce teacher unemployment. The committee is interested in the guarantee of jobs for probationers in the 2011 cohort. Will that disadvantage probationer teachers who qualified before 2011?

Michael Russell: No, because the commitment is also to continue to reduce, or eat into, teacher unemployment. I have seen that claim by the

unions, and I am pretty surprised that the unions are taking that attitude. I have said that publicly before. What will happen will be only good news for reducing teacher unemployment and rectifying a situation that, as I have said at this committee and elsewhere, has given me considerable worry.

We had to turn around a situation of some difficulty. The COSLA agreement is another step in turning it around, as are the other figures that are out today, which show that the fall in the number of teachers has been halved, essentially, over the past 12 months. That shows substantial progress, and we will go on with that progress. The commitment will not have the effect that you asked about.

The matter will require agreement local authority by local authority and I am confident that we will achieve that, unless—I make this caveat—some local authorities are not interested in making that progress, in which case they will have to account for that themselves.

Christina McKelvie: The COSLA-Scottish Government agreement contains some proposals that will go to the SNCT—the Scottish negotiating committee for teachers. Can you give us some details about that? Will that pre-empt the review of the McCrone settlement, which is due to report in June 2011? I invite you to comment specifically on the impact that that will have on the negotiating process for teachers' pay, on increased contact time for probationers, on CPD and on the issue around supply teachers being paid on point 1 of the scale, and only for the hours worked. I have received a lot of letters from supply teachers who are now on point 2 and who are obviously worried about what might happen.

Michael Russell: I, too, have had representations on your final point. There needs to be discussion of that issue under the SNCT framework, and of whether there are other ways to achieve what has been set out. That is also covered in the COSLA agreement—if there are other things that can be brought to bear that would have the same effect, they need to be considered.

There are genuine concerns on the part of some supply teachers who choose to teach in that way rather than as casual supply. There are issues to be addressed in that regard. The first meeting of the SNCT was meant to take place yesterday, but because of the weather it did not. I have made no secret of my opinion that it would have been better to have the discussion about the issue within the SNCT, rather than having a list of issues published first. I am not responsible for the leak from COSLA that started the process, but we are where we are.

Clearly, there is an interrelationship between head count, salary, terms and conditions and other matters, including educational innovation. No one

could avoid that interrelationship. It needs to be understood, as we are in difficult times.

As the leak from COSLA showed, there was a proposal to increase teacher class-contact time as a way forward. A leak was not needed to publicise that—the leader of Glasgow City Council trumpeted it all over the front page of *The Herald* towards the end of the summer. Such a move would have been very foolish. I could not have supported it, because it would have impacted on the time that is necessary for continuing development of and work on the curriculum for excellence. That meant that the proposal was not acceptable to me. We needed to find some things that might be acceptable for negotiation. Those are the things that are on the list. I make clear that they are separate from the review of McCrone—they are things that need to be done in the coming financial year and include the pay freeze that all employees are expecting. The review of McCrone will be a full, fair, independent review that will look at the next agreement that can take us forward.

McCrone has produced many pluses—it has led to 10 years of relative peace in Scottish classrooms and an improvement in teaching quality, both of which were needed. The report of the Donaldson review, which addresses the issue of how we train teachers, will be published in January and the curriculum for excellence is in place, so it is time for us to look again at the issue of teachers' terms and conditions. However, I make to the committee the same commitment that I make whenever I am asked about the review of McCrone: it will be fair and independent, all stakeholders will have the opportunity to make representations to it, and it will report in June or July next year and provide a template for taking issues forward.

Christina McKelvie: A quick calculation based on the figures that we received this morning shows that, since 2003, we have lost 70,194 pupils from the system. One startling figure is that 40,794 of those were in the primary sector. We have talked a great deal about this year and next year, but how are we planning ahead as regards teacher numbers and teacher experience given the reduced numbers in the system?

Michael Russell: There are a range of issues, including the Donaldson review and how we train teachers, teachers' terms and conditions, and the curriculum for excellence, which is the big idea in Scottish education and is the right thing to do. You have identified a real issue. With some difficult decisions, I have been trying to adjust the workforce to take account of that. I have been much attacked for doing so, but I hope that the outcomes are beginning to become clear.

Ken Macintosh: The Government is moving from a focus on class sizes to a focus on the pupil-

to-teacher ratio, which you are promising to maintain. At what level will you maintain it?

Michael Russell: The agreement makes clear that in primaries 1 to 3 we will maintain it at this year's level, as recorded in the figures that members have. However, you go a step too far in your interpretation. I am not saying that we are moving to a focus on the pupil-to-teacher ratio—I am saying that the figure on which we have agreed is the best figure at this stage for maintaining the progress that we have made. Both the unions and I were convinced of that, so we have agreed the figure with COSLA.

Ken Macintosh: I asked my question because, as you know, the figures are out today and show an increase in the ratio from 13.2 to 13.3.

Michael Russell: That is 0.1 per cent, which is within the statistical margin of error.

Ken Macintosh: It is not exactly going in the right direction, is it? It is hardly a fantastic start.

Michael Russell: The progress that we have made on class sizes, based on the agreement that I reached with COSLA, is significant. I am sure that you would have wanted to congratulate me on that, had we not been sidetracked on to other matters. We have met the terms of our agreement with COSLA; I am now trying to stabilise that. COSLA and I believe that the best way of doing so is to emphasise the figure for the pupil-teacher ratio. We will do that. I am talking about the figure for primaries 1 to 3.

12:45

Ken Macintosh: I will leave aside my comments on class sizes, because I do not think that we will get immediate agreement on that issue.

You have made great play of the fact that local authority budgets are not being cut anything like as severely as your own budget, which seems to be cut worst of all. However, within the local authority settlement, police numbers and the council tax will be frozen. Do you agree that that means that there will be a disproportionate effect on, and a disproportionate cut in, education, which accounts for 40 per cent of the local authority settlement?

Michael Russell: No. I do not agree with that.

Ken Macintosh: Can you explain that? If education accounts for just under 40 per cent of the local authority settlement, reductions are not allowed in relation to police numbers and the council tax is frozen, surely every other part of the settlement has to take a greater share of the cut.

Michael Russell: No. The council tax freeze is fully compensated for and additional resource is

provided for teacher numbers, so I do not accept your assertion, which I think is an inaccurate reading of the situation.

Ken Macintosh: I am sorry, but can you explain that one to me one more time, just for the record?

Michael Russell: I explained it to you a second ago. Unless you have the attention span of a goldfish, you would remember it. I am sorry, but I have told you entirely clearly that there is a commitment fully to fund the council tax situation, there is an agreement on police numbers, and additional money—over and above the settlement—is coming in for teacher numbers. In those circumstances, the cut is proportionately significantly less—in my view, it would not be seen as disproportionate.

Ken Macintosh: As part of the process of budget scrutiny, I would like absolute accuracy on the figures. Including the additional resources that you referred to, what is the overall cut affecting local authorities?

Michael Russell: It is 2.6 per cent if a council signs up; it will be 6.4 per cent if a council does not sign up—the councils that seem most unwilling to sign up at the moment are Labour-controlled authorities.

Ken Macintosh: Let us assume, for the sake of argument, that the cut in a council's budget is 2.6 per cent. That figure includes the money for the freeze in council tax and police numbers. If you freeze the council tax and police numbers, are you suggesting that resources for teachers will be cut by only 2.6 per cent?

Michael Russell: I am suggesting that there is no disproportionate cut to education, which is what you asked me about. There is no disproportionate cut to education—there does not need to be.

Ken Macintosh: I am sorry, but that does not make any sense.

Michael Russell: I am sorry that I am unable to make any sense to you. I will continue to answer in the same way, because these are the facts.

Ken Macintosh: If you are going to reduce the money that goes to local authorities, they will have less money to work with, but they will have to maintain police numbers and a council tax freeze, so the other parts of the budget must take a bigger cut.

Michael Russell: No. You would have to bring me a formula that contained the size of the police numbers commitment and the size of any council tax commitment. Of course, maintaining the council tax freeze will not in itself necessarily cost anything, except the money that is already there for compensation, so I do not accept your argument—I think that it is fallacious.

Ken Macintosh: I think that we will disagree on that, Mr Russell—as is often the case.

Notwithstanding your remarks about McCrone, teachers are clearly alarmed by the review of their terms and conditions. The National Association of Schoolmasters Union of Women Teachers submitted a helpful—actually, it is not helpful; rather, it is worrying—list of issues that teachers will have to face, including a pay freeze; increasing probationer contact time; cuts to CPD, which Margaret Smith mentioned; reducing pay for supply teachers; abandoning salary conservation; removing teacher leave and family leave; and ending access to the chartered teacher scheme. That does not sound like good news for teachers. Whereabouts in your priority list do teachers come, given that rather worrying list of attacks on them?

Michael Russell: These are very difficult times. I do not want to be partisan about this—it would be unlike me—but I point out that the wrecking of the public finances that was undertaken by Mr Macintosh's party over a period of time, the very difficult decisions that the new coalition is taking, and the fact that it has taken the wrong decisions about the depth and speed of cuts create a very difficult situation for a Government that is not in full control of its own finances. Were the Calman commission's proposals to be implemented in full—although they now appear to be Calman minus—they would still not help. We need full fiscal autonomy if we are to be in charge of our resources. Short of that, we will have to take some very difficult decisions, which require everybody's involvement. On the points that the local authorities wish to make, we agree that, without a doubt, the changes are difficult. I entirely agree that they are difficult. However, I would be very surprised if teachers thought that they should be immune from them.

It is incumbent on anyone who argues that they should be immune to do two things: the first is to justify to all other workers why they should be immune; and the second is to come up with a list of costed proposals that would enable that immunity to be effective. I have been waiting for some weeks, but I have heard neither point being made. In their absence, my offer, regrettably, is probably the best offer that I can make, although I accept that it is not perfect. I think that reasonable people would agree with that.

The Deputy Convener: Before Mr Swinney's statement, I met Unison representatives from North Ayrshire and asked them what level of cut they expected local authorities to receive in 2011-12. They said 20 per cent; in fact, it was 2.6 per cent.

Margaret Smith: They had received too many e-mails from people telling them that the world was going to fall on their heads.

I do not need to tell you, cabinet secretary, that we need to look to history to tell us what is likely to happen in the future unless we put into effect all sorts of things that will change the future. I share a certain amount of the anxiety that Mr Macintosh expressed in relation to teacher employment numbers, not just because of the role that you or the Government's budget plays in the matter but because of the recent actions of certain local authorities. In the context of falling numbers in our classrooms and various commitments from you and your predecessor, those local authorities have continued to see a fall in teacher numbers.

I accept that you are confident that local authorities will respect the new agreement, but there have been agreements before and when we have asked officials from your department what they can do when local authorities have not done what they were meant to do under an agreement, we have been told that there is absolutely nothing that the Government can do to make the local authorities change their minds.

Why are you more confident than you have been able to be in the past that this agreement will deliver in terms of teacher numbers?

Michael Russell: There is a quite severe financial penalty for failure on this occasion. It is up to councils whether or not they want to suffer that penalty.

You are right. I am disappointed in a few authorities, and not necessarily just those that, to be honest, have put two fingers up to me. We have seen that in the case of Glasgow, whose performance in this regard has been entirely idiosyncratic—that has been the council's choice, and I do not think that anyone in this room would want to deny elected members their democratic choice. However, I am disappointed in those that have not tried as hard as they could have. When we go into the detail of some councils' performance in relation to class sizes, that is the view that I take.

Last year, after a lot of effort, I came to an agreement with COSLA for a target of 20 per cent of classes. A lot of people said, "Oh, you'll never get that," but we got it, after a lot of hard work. Some councils have not played their part, but others have played a blinder, and I am grateful to them for their hard work. I would not say that 20 per cent is where I want it to be at this stage but, having been realistic and pragmatic last year, I think that we have made some progress. That is the attitude that I would like to take forward: a realistic, pragmatic approach with clear targets.

This time, of course, the approach is underpinned by a financial penalty, which is important.

Margaret Smith: Can you spell out a couple of the financial aspects? What additional money has gone into the deal that specifically relates to teacher employment, over and above the funding for the council tax freeze, the extra police and anything else that is wrapped up in all of that?

On the financial penalty, when and how would the department make a judgment that a council had not delivered what it was meant to deliver? What would it actually mean in reality?

Michael Russell: Fortuitously, with regard to employment, we can tell pretty quickly if there are not 2,800 opportunities—which is what we are talking about—and if people are not going into posts.

The financial penalties are twofold. There is a financial penalty if a council says, “We don’t want anything to do with this; we are not freezing our council tax”, or whatever. It is entirely clear that that council will get a reduction of 6.4 per cent rather than 2.6 per cent.

There is £15 million of new money that is specifically focused on the teacher employment issue. It will be allocated by formula and through discussion only with those councils that are taking part. If a council is not taking part, it will not get to talk about that and it will not get part of the £15 million. That is where we are.

I fully accept your point. There is an element of working in trust and in partnership. I can look at today’s figures and see the glass as half full or half empty. I think that it is half full, because a considerable majority of local authorities have been as good as, or better than, their word. That has been very helpful indeed.

Margaret Smith: I will go back to the specific changes that might be made to teachers’ terms and conditions. Although we all accept that it is reasonable to review McCrone after 10 years, of slight concern is how some of the discussions about people’s terms and conditions in such an important profession have gone on.

One of the issues is the proposed removal of salary conservation, which was part of the McCrone agreement and allowed some postholders to conserve their salary. I think Audit Scotland has raised some concerns about that. There was a view that that would have eventually worked its way out of the system anyway, but it would have taken a lot longer.

How long would it be before salary conservation worked its way out of the system if it was not abolished?

Michael Russell: As the proposals are for negotiation—we have indicated that they are on the table, supported by both sides—it would be proper for that discussion to take place during the negotiations that have to reach a conclusion. We have said quite clearly—COSLA has been particularly strong on this—that COSLA needs the effect that it anticipates from the proposals, although it is only an estimate, in order to balance the books. If the proposals are not agreed, COSLA would need other things to make an equivalent financial contribution. We should allow the negotiations to take place.

I do not believe that salary conservation is being abused, but there is a genuine question about whether people should be paid in the long term for jobs that they are not doing. The issue has arisen, and as public representatives we must ask the question, because it is of concern. When times were very good, the chartered teacher scheme was viewed as a good idea, but it is not possible to go on growing it.

There is a particularly strong point in relation to the proposal for 40 days’ leave. The benefit of 66 days of family leave came as a result of a European Court ruling; it had not been sought by the union on any occasion and yet it fell into its lap. That was understandably good, but in the current circumstances it is not affordable.

In all the circumstances, the proposals are rational and real, but we must have discussion and negotiation. We should remember—I made this point to Christina McKelvie, and I make it again—that the proposals are for implementation in the coming year. The independent review of McCrone, which will take place in that timeframe, will consider whether the changes are long term or short term. It might come up with a package that contains all sorts of other things. The reality is nothing other than that the proposals, if they are agreed, are for next year.

Margaret Smith: That is all very well, but my question was factual. How long would it have taken for salary conservation to work its way through the system if you were not considering getting rid of it in the short term?

Michael Russell: That information needs to go to the negotiations before it is released more widely. I am not averse to letting members have it, but we should pause first and allow negotiation to take place in the tripartite group rather than doing anything else.

I would like to consider that approach, because I am nervous about providing a range of information. You indicated that some of the information about where we are got into the public domain in a way that I do not think was helpful—it was leaked from COSLA. Until the negotiations

have taken place, I am nervous about laying all that information out to members.

13:00

Margaret Smith: I will not pursue other questions that I intended to ask on this subject because of your earlier answer. However, I think that my question on salary conservation is quite factual and that you can give the committee an indication of whether it would have worked its way through the system in three or four years anyway, or whether, as some commentators have said, it would likely take nearer to 10 or 20 years to go through the system. Can you give us an indication on that?

Michael Russell: The information is held by individual local authorities rather than by us. You know that I am not trying to be difficult on this issue. I will reflect on what I can provide in terms of where we are and what we know or what information we hold. We are talking about a proposal from individual local authorities, so I want to be cautious about that. However, I will reflect on the matter in a positive vein.

Margaret Smith: I am content with that, convener.

Alasdair Allan: I note the proposal to freeze entry into the chartered teacher scheme. Can you say any more about how the Government intends to maintain experienced teachers in the classroom and the importance of that approach in the budget?

Michael Russell: There is a very strong cohort of experienced teachers. We know, because of the post-probationer issue, that there are teachers who are very keen to get in there to get experience. The idea of the chartered teacher scheme was to provide a career route that was an alternative to the promoted route. I think that we can agree that teachers' salaries have improved since the chartered teacher scheme was proposed, so the scheme may well not be required as much as it was. The jury is out. We should let the review of McCrone consider that and other issues. All I am saying for this coming year is that, for cost reasons, it is proposed that, regrettably, we do not continue to recruit to the scheme. That proposal will go into the SNCT negotiations.

The Deputy Convener: Ken Macintosh wants to ask one more infinitesimally small question.

Ken Macintosh: It is a simple matter of clarification. In the minister's answers to Margaret Smith's questions, I think that he referred to £15 million of new money for teacher employment. Is that the money that is on the table for negotiation?

Michael Russell: No, that is the sum that we have agreed to add to the settlement specifically for teacher employment. Of course, the sums being negotiated by councils, in terms of the effect of the negotiation on teachers' terms and conditions and the pay freeze, will also have a substantial effect on council budgeting.

Ken Macintosh: Where can I find that in the budget documents?

Colin MacLean: There are two elements in the local government settlement that we will need to discuss with COSLA in terms of the distribution. The first is the additional £15 million that was added to what would have been the local government settlement if the local government share of the Scottish budget had been maintained. As always, the settlement also contains a sum—£37 million—that is used to pay for support for probationer teachers across the country. We discuss every year with authorities how to distribute that; generally, distribution is based on where the probationers happen to be teaching. That total amount is still available, even though there will be 1,000 fewer probationers needing support next year. That gives some more flexibility in the system. We will discuss with COSLA and the authorities how best to use that.

The Deputy Convener: I thank the cabinet secretary and his officials for attending the committee. We have covered a lot of ground in the hour and 20 minutes that we have had. I suspend the meeting for two minutes to allow the cabinet secretary and his officials to leave.

Michael Russell: Thank you.

13:03

Meeting suspended.

13:04

On resuming—

Decision on Taking Business in Private

The Deputy Convener: Agenda item 2 is to decide whether to take an item in private. The committee will consider its draft report on the 2011-12 draft budget at its meeting on 15 December. Are members content to consider the report in private at that meeting?

Members *indicated agreement.*

The Deputy Convener: That concludes today's meeting. The next meeting is on 8 December at 10 am. Thank you for your attendance.

Meeting closed at 13:04.

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