

EDUCATION, CULTURE AND SPORT COMMITTEE

Tuesday 23 April 2002
(*Afternoon*)

Session 1

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EDUCATION, CULTURE AND SPORT COMMITTEE

12th Meeting 2002, Session 1

CONVENER

Karen Gillon (Clydesdale) (Lab)

DEPUTY CONVENER

*Mr Frank McAveety (Glasgow Shettleston) (Lab)

COMMITTEE MEMBERS

*Jackie Baillie (Dumbarton) (Lab)
*Ian Jenkins (Tweeddale, Ettrick and Lauderdale) (LD)
*Irene McGugan (North-East Scotland) (SNP)
*Mr Brian Monteith (Mid Scotland and Fife) (Con)
*Michael Russell (South of Scotland) (SNP)

SUBSTITUTE MEMBER

*Cathy Peattie (Falkirk East) (Lab)

*attended

THE FOLLOWING ALSO ATTENDED:

Brian Adam (North-East Scotland) (SNP)

WITNESSES

Riona Bell (Scottish Executive Finance and Central Services Department)
David Cameron (East Lothian Council)
Mike Doig (Headteachers Association of Scotland)
David Dorward (Dundee City Council)
Mike Ewart (Scottish Executive Education Department)
Cathy Jamieson (Minister for Education and Young People)
Councillor Helen Law (Convention of Scottish Local Authorities)

CLERK TO THE COMMITTEE

Martin Verity

SENIOR ASSISTANT CLERK

Susan Duffy

ASSISTANT CLERK

Ian Cowan

LOCATION

Committee Room 3

Scottish Parliament

Education, Culture and Sport Committee

Tuesday 23 April 2002

(Afternoon)

[THE DEPUTY CONVENER *opened the meeting at 14:05*]

Items in private

The Deputy Convener (Mr Frank McAveety):

We are now in public session. Everyone should ensure that their mobile phones and pagers are turned off.

As I have to do for the record at every meeting, I welcome Cathy Peattie, who is the substitute committee member for the Labour party. She is substituting for Karen Gillon, who is on maternity leave. I also welcome Brian Adam, who has been appointed by the Finance Committee as its reporter on the budget process.

I seek the committee's agreement to take in private item 4, which involves the appointment of advisers for the School Meals (Scotland) Bill; item 5, which concerns drafting a proposal for a committee bill; and item 6, which is our consideration of our work programme.

Michael Russell (South of Scotland) (SNP): I am still concerned that we are taking too much of the agenda in private. For example, I really do not understand why we need to discuss our work programme in private. I understand that item 4, on the appointment of advisers, has to be taken in private because of financial considerations. Last week, I also reluctantly agreed to take our consideration of the commission bill proposal in private because we will be discussing timetabling and staffing issues. However, I would have thought that our discussion of the work programme should be on the record to allow people to read the *Official Report*, find out our concerns and feed into the process.

The Deputy Convener: Are members happy with that suggestion?

Members *indicated agreement.*

The Deputy Convener: That is a wee success for you, Mike. Well done.

After that noble contribution from Mike Russell, I should tell the committee that, just as we arrived at the meeting this afternoon, we received

documents for consideration in relation to the annual expenditure report. As a result, I suggest that we should have 10 minutes to read through them.

Michael Russell: Who has written the briefing note? Is it Arthur Midwinter?

Jackie Baillie (Dumbarton) (Lab): Yes.

The Deputy Convener: I apologise to people who have just come in, but I have to suspend the meeting so that we can read the documents.

14:07

Meeting suspended.

14:15

On resuming—

The Deputy Convener: I thank everyone for their patience, particularly members who are visiting the committee this afternoon. Apropos of our previous discussion on the work programme, I suggest that we put that item after item 3, which is our consideration of petition PE427. That will allow us to deal with the items in private without having to go back into public afterwards.

Budget Process 2003-04

The Deputy Convener: This afternoon, we will take oral evidence on the Scottish Executive's annual expenditure report as part of the budget process for 2003-04. We have a number of witnesses this afternoon, the first of whom is Mike Doig, who is the vice-president of the Headteachers Association of Scotland.

Mike, I invite you to make some opening comments, after which members will ask questions.

Mike Doig (Headteachers Association of Scotland): On behalf of HAS, I should say that I am very pleased to have the opportunity to present some of our thinking to the committee this afternoon. Along with our colleagues in primary education, we very much welcome the additional funding that we have received, which is now beginning to address the years and years of cuts. It has been a novel experience. Moreover, it is eminently sensible that central resources have been clearly targeted at supporting Government initiatives, which allows local authorities both to continue to support projects that they want to support and to take on board central Government initiatives.

That said, we are concerned about a number of areas. For example, although the ring fencing of funding for specific initiatives helps to secure their implementation, it gives rise to some problems. All levels of our association have felt a fair amount of confusion about how much funding is available for which initiative and for how long. Things have become increasingly complex at the receiving end. Although I realise that there is a grand plan, I must point out that we are also on the receiving end of local authority initiatives. That can sometimes result in an overlap in issues such as social inclusion on which authorities have been running an agenda for some time.

Furthermore, ring fencing can give rise to perceptions of unfairness. For example, if specific curricular areas in secondary education are singled out for additional resources, people in the areas that are not singled out have something to

say about that. In the most recent tranche of funding, we were asked to give specific priority to science and music. That was excellent, because those subjects mop up money. However, colleagues in other curricular areas then asked, "Are we going to get any money?", to which the answer had to be "Don't know".

A number of issues surround the mechanics of ring fencing. There is uncertainty over short-term funding, such as the education excellence fund, which has provided funding for the alternatives to exclusions initiative. In technical terms, funding for that purpose has ceased although I understand that other resources are being moved into place, partly from local authority sources. However, a degree of uncertainty is involved. What happens when the two or three-year funding for an initiative comes to an end? Because of that uncertainty, we find it difficult at school level to plan for the long term.

Secondary schools across Scotland perceive a growing disparity in the provision of delegated funding to schools by education authorities. I refer to variations in staffing formulae, different enhancements and so on. That disparity makes it difficult to make meaningful comparisons in education provision. We may be approaching a situation of resourcing provision by postcode. National funding does not take into account consistently variations in how local authorities take forward projects.

For example, in a number of education authorities, the effects of schemes including public-private partnership schemes are producing resourcing to a standard. If central Government provides ring-fenced funding for an issue, the well resourced get better resourced. A local authority neighbouring my own has, as part of a PPP, made a colossal investment in information and communication technology for its youngsters in all subjects and age groups. As the central funding for ICT is ring fenced, the authority will make another quantum leap forward, which means that the rest of us are left running even faster to catch up.

The nub of our concern is the evidence that funds are being diverted from school budgets to compensate for underfunding elsewhere. One or two well-publicised instances of that have appeared in the press recently. It is not appropriate for me to comment on individual cases, but such instances are difficult to track. I can account clearly to my local authority for Government funding in the past financial year. In the case of my school, the funding is £36,000. I can also account for the categories of expenditure.

I do not doubt that my local authority has returned that figure to the Scottish Executive as evidence of the funding. However, I cannot say to

any degree of certainty whether other authorities might have taken an equal and opposite amount of money from their education budgets. In one or two instances, we are aware that authorities took money directly from schools and spent the funds on other initiatives. That is the crunch for us.

The Deputy Convener: Thank you.

Michael Russell: Thank you for that useful contribution. The budget process is political and practical. I will ask a practical rather than a political question. You rightly outlined the difficulties that all establishments face in trying to plan their finances carefully over a period of a year or longer. The arrival of what are welcome sums of money also causes difficulty, as they arrive piecemeal throughout the year and are sometimes hedged about with conditions.

For example, I am aware of certain projects to which inflexible conditions apply—they are broken down into transport, staffing and so on—that make it difficult to vire money. How much would you and your colleagues welcome a requirement for the school and the authority to be told about the totality of funding that will be available to them in the coming year? Would it assist you to have greater flexibility in decision making? How could we implement that?

Mike Doig: Such an approach would certainly assist us, although that would require an appropriate framework in the local authority structure. I would have no problem with that, but I know of one or two authorities in which relations between the authority and school managers are a little difficult. That would pose a problem. However, there is no question but that we would welcome transparency.

Michael Russell: And therefore better planning? That is what we are talking about.

Mike Doig: Yes.

Michael Russell: I will follow up your point about the relations between an authority and the school in relation to devolved school budgeting and devolved management of resources. Problems are being brought to our attention about the ability of an authority to give with one hand and take with the other. Figures that are meant to be part of a school's budgets are sometimes adjusted on the spreadsheet or budget notification without consultation with the school.

I know of a memorable case in which a negative sum appeared as if by magic in the school supplies budget because an adjustment was made following a decision that was taken by the director of finance; every school in that authority was affected. Should a clearer set of regulations or conditions be applied so that schools are consulted, know what is going on and are not in a

grace-and-favour position in relation to devolved budgeting?

Mike Doig: We would certainly welcome a more prescriptive approach to central funding that would include school managers in the discussions about the allocation of money to the local authority and disbursement to schools.

Local authority schools have tight financial regulations—we must be among the most tightly controlled organisations and therefore we are highly accountable. By extension, we depend totally on the local authority for our funding. That presumes a degree of trust and, in one or two quite well-publicised instances, that trust has been less than 100 per cent.

Jackie Baillie: I would like to take that a bit further. The £36,000 that your school gets is a drop in the ocean compared to the resource that it takes to run that school. Schools are increasingly being given direct funding. Have we struck the right balance between direct funding to schools and direct funding to local authorities that they can then apportion to their priorities across their patch? Would you argue that schools should get more direct funding?

Mike Doig: Let me put my answer into context. The classroom supplies budget for my school is £100,000 and the £36,000 that I have represents a colossal proportion of that money. The money goes on books, equipment and classroom and teaching materials for youngsters, so it makes a huge impact. The £36,000 is only a small amount if it is seen in the context of an overall school budget, of which 80 per cent or so is tied up in staffing costs. Head teachers have a relatively small figure to play about with and the impact of the money that comes from the centre is great. Therefore, we would certainly welcome a continuation of that channel, if we can sort out the guarantee that lies behind it. If the Scottish Parliament and the local authorities can ensure that that money is delivered at the chalkface, direct funding will continue to be an appropriate mechanism. Rather than looking at the principle, we should examine those cases in which the mechanism has not worked.

Jackie Baillie: That is a helpful answer. Let us turn to the issue of ring fencing. Earlier, you suggested that certain things need to be ring fenced because we have to target resources and see growth in particular areas on the ground. Then you mentioned caveats. Various arguments are presented on either side of the debate about ring fencing. Have we got the balance right regarding the proportion of the funding for local authorities that is ring fenced for specific initiatives? If not, how would you change the situation?

14:30

Mike Doig: It is difficult to judge that from my perspective, as the costs of local authority initiatives are not necessarily known at school level. It is difficult to know whether there is a balance. I return to the issue that I raised earlier. At school level, a built-in unfairness—injustice would be the wrong word—can be perceived because of the targeting. Until relatively recently, it was my job as a head teacher to delegate an appropriate amount of my school budget to the various curricular areas. Ring-fenced initiatives are outwith my gift and I have to account for the spending on the various elements.

Over a long period, the funding is bound to balance out. The most recent initiatives—there was quite a focus on science in the most recent tranche—fortunately tied in with a wee initiative that was under way in our science departments, which were working with our colleagues in primary schools. That was fortuitous, but external funding does not always sit with schools' own development plans. Head teachers must support the development planning in their schools through their schools' funding, and there can be a mismatch. I am unable to say whether there is an imbalance, but I would guess that, if that kind of support for schools were to continue over a long period, it would balance out. That returns us to the issue of uncertainty. We do not know what funding is coming, when it is coming or what it is coming for.

Cathy Peattie (Falkirk East) (Lab): When I speak to teachers—especially head teachers—they tell me that they like ring fencing, as it brings funding to schools. However, people in local government tell me that we must stop the ring fencing, as it takes control away from the politicians and policy makers. Do you think that ring fencing leads to a lack of a strategic or joined-up approach in education? If you think that ring fencing is a good idea, should there be a mechanism to allow head teachers to talk directly to the ring fencers? That sounds a bit like anarchy, and local government would not like that. Do you think that we should abandon ring fencing? Is it a barrier to a joined-up, strategic approach to education, or is it a good thing that requires better communication methods?

Mike Doig: Your second point is perhaps the key to the matter. As I suggested, it is not always clear to school managers exactly which funding ties up with which initiative and for how long. The problem with ring fencing is not the principle but the practice. It would be helpful if there were a better communication channel to complement the local authority approach. We cannot get away from the fact that state schools are controlled by the local authorities, and we have to work as

closely as we can with them. However, it would be constructive to have another avenue of dialogue and information. That would get round some of the problems that have arisen over ring fencing through a lack of appreciation or a lack of understanding of exactly where it is coming from—I mean that in a cerebral, rather than material, sense.

Cathy Peattie: That is helpful. I have another question on resourcing. Four out of the six secondary schools in my constituency are funded through private finance initiatives. The remaining two schools, quite rightly, are saying, "We don't get the resources. We need better information technology, sport and leisure facilities." Is it not inevitable that in replacing and refurbishing the infrastructure of schools, the ones that are not moving along will be concerned? Can we compensate for that?

Mike Doig: That is a concern, as I suggested earlier. I am not sure whether it is a concern within authorities, but it may be a concern across authorities when the nearest school down the road is taking part in a totally different ball game, by virtue of its status as a PPP initiative.

To be honest, no reasonable school manager would quibble with the need for more fairness in the situation that you describe. If four schools have a step-up in resourcing, in the end the local authority and the Government are paying for it. There should be no quibble, therefore, with the view that the schools that are not in that position could be allocated some of the funding that might otherwise have been allocated. That is different from saying, "We will give you the central funding with one hand and take it away with the other."

A consensus approach and a clear understanding of what is happening are required. No fair-minded manager would have a problem with that. Our association's concern—I return to the postcode issue—is that, increasingly, youngsters are getting a distinctly poorer deal in some parts of Scotland than they are elsewhere.

The Deputy Convener: Could you expand on that point? Are they getting a poorer deal because of investment in PPP or because of historic issues?

Mike Doig: It is the cumulative effect of things: the historical underfunding in some local authorities; the unpredictable effect of the PPP system; and the latest raft of central funding. Increasingly, those are distorting the picture.

A survey that our funding committee convener put together stated that comparing provision across Scotland

"was made problematic by the confusion of categories of funding across authorities"

but that

"evidence was sufficient to establish that significant differences do occur, rendering unqualified national comparisons of performance unsound."

That is the subtext. There is an assumption that, by and large, youngsters throughout Scotland are getting a similar deal. That has not necessarily been the case for youngsters in the areas of greatest deprivation. Some of those youngsters are now—belatedly—getting a super deal and super provision.

Mr Brian Monteith (Mid Scotland and Fife) (Con): I would like to explore further a point that Mike Russell raised. His first question was about certainty. He made the point that, rather than being drip-fed further moneys, if moneys were decided in advance, you would have a degree of certainty.

However, politicians have a propensity for wanting to make good-news announcements of additional money in budget statements, for instance. If head teachers could choose, would they rather that the money was held back until the next financial year, which would allow them to be certain of it, or would they sacrifice that element of certainty in order to get the money more speedily?

Mike Doig: They would not sacrifice the element of certainty. The last time that I spoke with colleagues, we found that we shared a concern that we were scrambling to get the money through the system. Issues relating to local authority money need to be discussed at school level. We need to invite bids from the various specialists that have to be considered in the whole. They inevitably come to two or three times the money that is available—surprise, surprise—and I and my senior colleagues have to discuss how to get to the bottom line. That result is translated into orders, which are sent back to departments and have to be invoiced. All of that has to happen before the end of the financial year, which is too tight a time scale.

We would welcome an intimation as to whether the Scottish Parliament thinks that that model of funding should continue. I point out that that model resulted in our not knowing last year how much we were going to get this year. Perhaps a balance could be struck between having sufficient advance notice to allow us to do a bit of forward planning and the ability to allow the people in power to address issues as they think necessary. Having the best of those two worlds would be our ideal situation.

Mr Monteith: That is an interesting answer.

In England, additional funds that are announced concern, in the main, per capita funding that goes directly to schools rather than to the local education authorities. When money comes up to

Scotland through the block grant as part of our share in the increase in spending, it goes to local authorities. That has resulted in some interesting decisions, such as that which meant that one Edinburgh primary school received £400,000 while another school just two miles away received only £100. *[Laughter.]* Yes, that is quite a discrepancy.

Is there a view in your association that there should be per capita funding for such disbursements and that local authorities should use other mechanisms for alleviating what they might think are particular differences, be they postcode problems, building deficiencies or whatever?

Mike Doig: There is no doubt that we seek some sort of relationship between the allocation of money and the school roll. If we want to put resources in front of youngsters in the classroom, it is obvious that there should be an arithmetical relationship between the money and the roll. A lot of authorities have banded the money so that larger schools get larger amounts without any calculations being done. That is helpful enough—the calculation does not have to be done down to the last pupil. The money can relate to factors such as levels of deprivation as well as to the roll. We recognise that, because of their circumstances, certain schools might need more or less money than others.

English schools are a different matter, because they are directly funded. We are all funded through local authorities and no mechanism exists for us to have our own cheque books. I am not certain how welcome that would be. We do not frequently ask ourselves about having our own cheque books. The mechanisms of the English system are completely different.

The Deputy Convener: I will continue the spirit of generosity by allowing Brian Monteith a final question.

14:45

Mr Monteith: Thank you very much, Deputy Convener. I know you for your generosity of spirit.

I want to explore the answer that Mike Doig gave about PPPs. It seemed that you were concerned that investment through PPPs was skewing the benefits of finance being available to schools. Have I interpreted you correctly? Will you explain further what you mean by that?

PPPs have provided Glasgow—an area of considerable deprivation—with new schools. Balfour High School in the Stirling Council area had needed to be replaced for a long time and there was no sign of that happening until PPP was used. PPP appears to be neutral in the sense that it is used to replace schools, whether they are in good areas or bad. PPP is neutral because it is

more about replacing the fabric than about taking deprivation into account. Might we have to find other means of providing resources for helping schools in which deprivation exists?

Mike Doig: This afternoon, I have been concerned with the kind of funding issues that relate to the classroom. Unlike the situation in England, fabric issues are not part and parcel of my budget.

Balfron High School and the Glasgow schools have been completely kitted out with new pupil furniture. Those schools will not need to spend much money on classroom furniture for several years to come. A school without that kind of scheme, such as my school, has a huge task every year in allocating relatively limited resources to replacing knackered tables and chairs.

I also mentioned ICT in relation to Glasgow, where the schools have been superbly kitted out with state-of-the-art equipment. Other schools are running just to stand still with ICT. Regardless of the politics behind the PPP projects, they have been brilliant for education in Scotland. The schools that have benefited from PPP have made a quantum leap forward. Their resourcing continues from a higher baseline and, as far as I can determine, the gap is not being narrowed.

Mr Monteith: That was very useful.

Ian Jenkins (Tweeddale, Ettrick and Lauderdale) (LD): We have discussed repeatedly the funding of special educational needs programmes. We have dealt with the issue primarily in terms of the local authority's role in relation to the Scottish Parliament's role. How do special educational needs affect your budgeting in schools and how should those needs be progressed? We hear about funds following the pupils and so on. Please tell us a little about how the funding of special educational needs works in schools.

Mike Doig: Special needs is a difficult issue for us, because of its complexity. Even providing learning support for youngsters is a complex matter. There is no one-size-fits-all solution. As one is dealing with youngsters on an individual basis, there is a danger that ring-fenced resourcing might not have a significant impact on a youngster in a particular situation. However, it is up to school managers to use our budgets to redress such situations. In my opinion, we will never have enough money for special needs youngsters and for inclusion. Costs are staggering, but we try to keep the issue up front. The issue is not easily resolved at school level. Allocating expenditure to special needs on the basis of pupil numbers, for example, would not work. The case must be exceptional at school, local authority and national level.

The Deputy Convener: I thank you for your contribution and welcome your observations. What secondary school are you from, Mike?

Mike Doig: Bearsden Academy. I was at Cumbernauld High School.

The Deputy Convener: It is good to know that you occasionally look at Glasgow with envy.

Mike Doig: I do. Many youngsters on my roll are from there.

The Deputy Convener: Thank you.

The next witnesses represent local government. Helen Law has been in front of the committee a number of times and I welcome her back. She is the education spokesperson for the Convention of Scottish Local Authorities. David Dorward is Dundee City Council's director of finance and David Cameron is head of education at East Lothian Council. Again, I am conscious of time. Witnesses may make opening remarks and members will then ask questions.

Councillor Helen Law (Convention of Scottish Local Authorities): As usual, I will be brief. I am grateful that the committee has again invited us to give evidence. We hope that we are building a relationship whereby COSLA works in partnership with the Scottish Parliament and the committee. We think that a joint agenda is important. We cannot function if there is a competitive agenda.

The committee knows that we will raise the issue of ring fencing. COSLA would not like to continue that approach. There are too many bids, too many plans and too much bureaucracy. We should be given the money and if local outcome agreements are entered into we will deliver on them.

School buildings are mentioned in the paper. Two years ago, COSLA and the Association of Directors of Education in Scotland made a joint submission that said that £1.3 billion was needed, that schools had been underfunded for quite a long time—20-odd years, I think—and that we needed to act on that.

On the excellence fund—which now has a new name that escapes me at the moment—we were grateful for the discussions that reduced the number of headings, but we think that the continued ring fencing of significant funds is counter to the spirit of outcome agreements.

The Deputy Convener: The excellence fund is the national priorities action fund, which sounds impressive. Does any other witness wish to say something?

David Cameron (East Lothian Council): I am happy to respond to questions.

David Dorward (Dundee City Council): I have an observation. I was surprised by the lack of detail on education in the Scottish budget papers. There is a section on education that says that the majority of expenditure on education in Scotland is in the local government section. A magnifying glass is needed to see the word education in the local government section of the budget volume. If I were to produce for our members a budget of the same detail as the Scottish budget, it would be thrown out.

The Deputy Convener: I appreciate that hopeful and positive start to this afternoon's discussion.

Michael Russell: I thought that it was positive.

The Deputy Convener: The committee has identified a number of ways in which we believe information should be accessed and presented. Your contribution in that regard is welcome and will assist us. For a change, I am in agreement with Mike Russell—I need to watch myself.

Jackie Baillie: I want to pick up on ring fencing. Having operated local outcome agreements, which are being piloted, I know that there is much to commend them and that we are still learning about them. How would you structure a local outcome agreement on education that would avoid ring fencing? Do you think that it would be possible to mainstream equality on a race and gender basis by using outcome agreements, which is perhaps more sophisticated than simply using budgets?

Councillor Law: I refer that question to David Cameron. Because East Lothian Council is party to an outcome agreement at the moment, he will be able to answer the question in more detail.

David Cameron: The discussion of local outcome agreements is bedevilled by confusion because, although such agreements provide ring fencing, they do so by agreement and by making councils democratically accountable for the delivery of targets. That is a vitally important development.

There is no doubt about the fact that there must be clarity about how national priorities will be met and delivered. One of the tensions that the Executive faces is that it has attempted a policy of non-compliance that has been highly successful and popular in schools, particularly as regards flexibility in the curriculum. If we want to combine the principle of non-compliance with the delivery of agreed priorities on which there has been wide consultation and to which the equality agenda is absolutely central, local outcome agreements represent the best way forward. Ring fencing at national level is a very blunt instrument for the division of funding.

Local outcome agreements must be built around

national priorities, must reflect how local authorities intend to deliver those and must set clear outcomes that are appropriate to the local context. Because of the current funding situation, funding streams must be identified in local outcome agreements. Were the funding situation to be different, the budget allocation to local outcome agreements would need to be clearly stated and clearly related to priorities, so that the Executive could make a sound judgment on whether best value was being delivered and commitments were being honoured.

Jackie Baillie: I share your desire to move away from emphasising inputs towards emphasising outcomes. However, we know that Scotland is not uniform. What happens when a local authority is clearly not meeting the targets that it has agreed in its local outcome agreement with the Executive? What remedial action do you suggest should be taken against that local authority?

David Cameron: The current doctrine is that steps should be taken to support schools that are failing to meet their targets. The terms used in respect of councils that failed to meet targets that had been agreed in local outcome agreements would probably be "challenge" and "support" rather than "take action against". I welcome that.

The main issue that bedevils the local outcome agreement pilot in East Lothian is the question of accountability. Accountability must be built in at the point where the agreement is accepted. The key issue is whether the targets set by the local authority are both ambitious and realistic. The process is exactly the same as that which we undertake in relation to school development planning—the same criteria would be critical in determining whether a plan was accepted.

The key word is "agreement". At the outset, a local outcome agreement must be an agreement that is subject to close examination either by Her Majesty's Inspectorate of Education or by a division of the Executive, to ensure that there is clarity about what will be achieved and about the mechanisms that will be used. We must accept that the system is not free range. As I have already said, there is no doubt about the fact that there has been consultation on national priorities and that they have been agreed. We want to and must deliver on those. The flexibility that we ask for relates to the manner of delivery.

Councillor Law: COSLA's view is that ring fencing is currently too restrictive and prescriptive and that it weakens local democracy.

Michael Russell: Both Helen Law and David Cameron raise an important philosophical question about what we expect from local authorities and how they fit into the overall

dynamic of education in Scotland. The Government may set policy, but it is implemented, refined and developed in the context of local authorities working with schools, which themselves have a degree of autonomy. We should develop that idea in the debate on the purposes of education and perhaps we can come back to it then.

15:00

I want to ask a broader question about the relationship between resources and priorities. On Saturday, *The Scotsman* carried a story on a report on East Lothian Council's inclusion policy. I am sure that David Cameron will be familiar with the report, which, it made clear, was not a criticism of East Lothian. The report deals with inclusion and mainstreaming—Jackie Baillie raised those issues a moment ago—and how they are delivered through schools. That report is only one piece of academic evidence, but it suggests that although mainstreaming has been fairly successful in the primary sector, in the secondary sector, the biggest problem is in the resourcing of support for teachers and schools in delivering the inclusion agenda. How does that fit into the consideration of resourcing to meet the priorities that we are discussing?

David Cameron: There is a real question of the different attitude of primary and secondary sectors to inclusion. It is clear that one of the barriers that must be broken down in the secondary sector is the commitment that teachers have to subject delivery, rather than a recognition of their fundamental role as teachers of children. Secondary teachers would argue, with some justification, that the flexibility in the primary sector allows teachers to meet the needs of more demanding children more effectively. We would want to question that further in the context of the McCrone agreement. The national agreement clearly sets out an expectation of professionalism and commitment from teaching staff. We need to start by defining where that ends, rather than defining the resources that we will pour into the system without such definition.

The resourcing issues between primary and secondary schools in East Lothian are intriguing. There is not a significant difference in the level of investment in the two sectors, but there is a significant difference in how well the policy is accepted and how well the youngsters are accepted. That is exacerbated by the perceived demand for the raising of levels of attainment in purely numerical terms. That is a much greater pressure on secondary staff, in terms of the delivery of the Scottish Qualifications Authority targets and so on. They see youngsters who are particularly demanding as a distraction from that

target, which teachers have seen as the highest priority, certainly in terms of HMI reports and public scrutiny of school performance.

Michael Russell: That is a key issue.

David Cameron: Yes.

Michael Russell: The demand that is put on teachers by a set of published criteria, which do not reflect accurately the range of demands on the establishment, must have resource implications. That link is never discussed, but the demands of the public and political perceptions have implications that may to some extent skew the delivery of resources or how they are used.

David Cameron: Indeed. We accept that fully. East Lothian Council intends to make a major investment in increasing the resources that we make available for youngsters with special educational needs. We are responding to the issues raised in the report. We recognise fully the commitment to the presumption of mainstreaming, but we regard that as an end, rather than as a means. We must work towards mainstreaming, using the means that we have available, which have been proven to work successfully with such youngsters. We will invest in increasing and enhancing our specialist provision. In the short term, that might be perceived as cutting across the mainstreaming policy, but it is not. We do not expect youngsters to learn to swim in the deep end: we allow them to learn in the training pool and work their way through the shallow end until they can cope successfully with the main pool. That is the aim and it will require investment.

The member is right to identify the conflict that is created by apparently competing priorities. The national priorities have been singularly helpful, because they have given us a broad base of targets. If the targets and the priorities are perceived as having equal weight, we will be in a healthier and more balanced planning situation than for years.

Michael Russell: I have a final point for David Dorward.

David Cameron: I am pleased.

Michael Russell: Quite right. We had a productive exchange, rather than a difficult one. We are almost in agreement.

Most education expenditure, in David Dorward's local authority and throughout Scotland, tends to be on staffing. Can you expand on the issue of teacher numbers, which is crucial, and say what the staffing expenditure figure is?

David Dorward: The highest proportion of education expenditure is on staffing, which includes not only teaching staff, but support staff. I do not have the exact figure, but we will provide

that. I hazard a guess that 75 per cent of the education spend is on staffing—of all kinds.

Michael Russell: David Cameron pointed out that increasing staffing in schools is the second of the two aspects of the McCrone agreement that we must balance. This committee must return to that, as it will soon be crucial. The McCrone agreement expected the teaching profession to increase its professionalism and become more flexible. However, that expectation is predicated—frankly—on having more staff. How much can staffing be expanded within your current budgets?

Councillor Law: Although teacher numbers are increasing, school rolls are falling. However, because of educational needs—to which David Cameron alluded—particularly in the field of special needs, we would not expect teacher numbers to fall.

Michael Russell: I assume, therefore, that you would be surprised to know that the Executive is projecting a fall in teacher numbers of 2,900 between 2004 and 2010.

The McCrone agreement is predicated on an increase in teacher numbers. We are going to try to keep those numbers steady, at least, though school rolls are falling. My point, which is not a political one, is about whether resources are equal to the task of increasing teacher numbers. I accept David Dorward's reservation about how the figures are presented, but in terms of the figures that are in front of us, can we increase teacher numbers?

David Dorward: My view is that the funding of the McCrone settlement is key. That settlement did not refer only to pay and conditions, but to other elements. COSLA would argue that the funding was insufficient, but at the margin. However, when it comes to the distribution of that funding, there are question marks over whether some authorities have received enough funding. Some authorities have received only enough to fund the teachers' pay element, which has left other elements, such as classroom support, continuous personal development and practitioners—

Michael Russell: And the induction year.

David Dorward: Yes—that refers to probationers. Some authorities—not all, but perhaps a handful, or under 10—would have had difficulty funding all the elements of McCrone because of how the funding was distributed. Equally, other authorities are on the other side of the fence because they received enough funding to implement fully the McCrone settlement. McCrone was a three-year deal, so significant sums of money are being invested in the education service. The distribution of that money is critical to whether authorities can implement the settlement.

The Deputy Convener: How did we arrive at the agreement on distribution? I understand that it was a joint agreement. Have factors subsequently emerged that make the distribution more problematic?

Councillor Law: It is true that the bottom-line figure looks as though it is the right figure, but there has been a distribution problem. However, COSLA agreed that that was the bottom-line figure and is not arguing for a rejig. A lot of work has been done on the McCrone settlement, but there is a long way to go. Significant investment has been made in education. It is now time for teachers to deliver.

Cathy Peattie: I agree that there is not as much in the budget on education as we would like. I agree with David Dorward's comments about local authorities, but we want to know how we measure what is being delivered. I am not sure whether the budget document helps us to do that. I am particularly interested in mainstreaming and equality issues. It is all very well to set a budget aside, but I want to know—I am sure that local authorities want to know, too—whether we are managing to deliver. How should we measure progress on those issues? I do not think that ways of measuring delivery are included in the budget document.

David Cameron: The timing is superb, because this year we have seen the advent of the improvement plans. The Standards in Scotland's Schools etc Act 2000 has taken us forward tremendously.

The key issue is that we review the improvement plans and ensure that targets are set. We have attempted to do that through our service improvement plan within the authority. That has been assisted by the Executive team's work on national priorities. The emphasis that has been placed on, for example, the lowest-attaining 20 per cent has been a helpful move forward.

It is possible to set and agree with schools targets that deal directly with certain issues. Targets can deal directly with the attainment of disaffected, alienated or disadvantaged groups. The Executive's initiative on looked-after and accommodated children is a clear signpost to how the targets can be built into plans. As I suggested, the kernel of the process is at the point of agreement. The service improvement plan and the local outcome agreement should eventually become one and the same document—the service improvement plan becomes the local outcome agreement once the agreement has been struck with the Executive. That allows for a meaningful dialogue to ensure that the comprehensive outcomes are set. I believe that that can be achieved.

Mr Monteith: On the McCrone settlement, we have talked about the distribution in relation to the bottom line. From comments that I have read and views that I have picked up, I know that the word is that that is a problem for COSLA—as COSLA and its members agreed the bottom line, dissatisfaction about trying to deliver McCrone with the funding that has been made available means that COSLA has to have internal discussions to rejig the distribution. Correct me if I am wrong, but I think that you said that you do not want to rejig the distribution.

Councillor Law: I did not want to raise that as a problem at the committee. The bottom-line figure was agreed and I wanted to close off the issue at that point. I realise that there are some difficulties within authorities, but I did not see that as a matter to bring to the committee.

The Deputy Convener: Some members have suggested that, if authorities pursue the route of public-private partnership for capital investment, that will have a long-term consequence for the mainstream budget. Members have suggested that if a city authority such as Glasgow or Dundee goes down that road, there will be diminished resources for the education service in years to come. Can David Dorward clarify that matter for me? I am puzzled.

David Dorward: The main criterion that the Executive set when it asked local authorities to submit outline business cases was affordability. Therefore, in putting together that case, authorities had to demonstrate to the Executive that any scheme that they were proposing for PPP was affordable within their current level of resources. If authorities follow that line for long-term planning, they should be able to assess, before they enter into a PPP, the consequences of entering into that scheme for their revenue funding. The larger the scheme and the greater the number of schools that are included in it, the higher the proportion of a council's budget that is committed to funding those unitary charges. If an authority had to cut its services overall, its ability to do so in education—which may have a larger proportion of PPP costs—would not be as great as it would have been if that scheme had not been in place.

I return to the original point. Before a council enters into a PPP scheme, it must be sure that the scheme is affordable. An authority should be well aware of the financial consequences before it enters into such a scheme. In Dundee, we have taken the view that such a scheme would not add a penny to the council tax; such a scheme must be affordable before we would enter into it.

15:15

Councillor Law: The Executive is to convene a joint working group with COSLA, which will

consider aspects of PPP, traditional funding and any other forms of funding that local authorities can use.

Brian Adam (North-East Scotland) (SNP): The question of PFI and PPP expands on the questions that members asked about ring fencing—effectively, that is what those projects are. However, there are other issues concerning equity. In times of cuts, the traditional area for cutting back is maintenance, yet the maintenance of PPP schools would be fixed. How would an authority address that?

Councillor Law: That is part of the juggling of priorities that authorities continually face.

Brian Adam: Surely an authority would not be able to provide an equitable distribution of resources between schools that are PPPs and schools that are not. It would discriminate against the ones that are not PPPs if it had to cut maintenance. There would be no even basis on which to proceed.

David Dorward: I would like to consider both sides of the equation. The fact that some schools had been taken into PPP schemes would mean that a council would have more capital resources available to carry out the maintenance of the remaining schools. Over the past 15 years, the education service has seen cuts in maintenance. In many schools, PPP schemes are the only way of addressing the serious problems with the fabric of the buildings in the time scales that we are talking about.

The important aspect of PPP schemes is their ability to deal with a large number of buildings whose fabric is poor in a short period. Under the traditional method of capital allocations, it would take much longer to deal with the same number of schools. Investment in the fabric of the buildings improves the education that is available and it would take councils much longer to deal with the fabric of school buildings if it were not for PPPs.

Mr Monteith: Are you saying that cuts that were made in maintenance budgets as far back as 15 years ago were false economies, as greater capital spending is now required?

David Dorward: Hindsight is a wonderful thing.

Mr Monteith: Some people recognised the fact at the time.

David Dorward: At the time, councils faced the difficult choice of either cutting budgets in front-line services that they did not want to cut or charging higher rates, poll tax or council tax. They recognised that that was a difficult choice, but they had to make the choice based on the condition of the fabric of their buildings at the time.

Councillor Law: There was also the difficult decision about feeding miners' children.

The Deputy Convener: I appreciate that. Many of us had to make difficult choices in the early 1980s. I recall those generous rates support grants that we used to receive from Brian Monteith's colleagues.

I thank our witnesses for their contributions. Some positive ideas have been identified, which will be useful as part of our overall assessment.

I welcome to the committee Cathy Jamieson, the Minister for Education and Young People, and Mike Ewart and Riona Bell from the Scottish Executive. We apologise for the lack of cameras in the room. Mike Russell and I have put in our formal complaints.

We have heard evidence from the Headteachers Association of Scotland and we have had a productive session with representatives from local government and COSLA. We look forward to your contribution this afternoon, minister. If you want to make any opening remarks, we would be pleased to hear them, after which we will open the session to questions from committee members.

The Minister for Education and Young People (Cathy Jamieson): It is always a delight to come back to the committee. I am sure that you will all have your opportunities to be seen from a suitable camera angle at a later stage.

I am happy to be able to give evidence to the committee. I know that members have been giving detailed consideration to the areas on which they want to focus. I hope to be able to answer your questions, but I am aware that there will be specific information or details that you will want to see in written form and mull over. I will be happy to provide that.

You have heard from COSLA and it is important to stress that delivering education for young people in Scotland involves a partnership between what the Executive can do and what the local authorities deliver to young people in schools. The bulk of the money that is spent on education and children's services is not spent by the Executive directly; it is channelled through the local authorities, health boards and other bodies. We want to see more joined-up working.

It is also important to stress that we have tried to maximise use of the money that has been made available to us. For example, in 2000-01, an additional £100 million was added to the planned budget for education and young people for 2001-02. Where there were opportunities for additional resources, we looked to use that substantial funding, particularly for looked-after children, additional sports facilities and support for young people who require help with behavioural problems and who have special educational needs. There were also additional costs relating to the national agreement on teachers and to school

buildings and resources. I stress that we tried to ensure that all the money that was available to education and young people was fully used and fully spent. From this financial year, anything that is unspent—a relatively small amount—will be used to meet the key priorities for the coming year.

When Nicol Stephen gave evidence to the committee on the budget last year, he emphasised the intention to improve where possible the budgeting processes and the documents. Perhaps not all the information that people would like is in the 2003-04 budget documents, but a clear attempt was made to meet the Finance Committee's suggestions for clarity in reporting. If members have issues to raise, we can pick up on them.

I will talk about some issues in which the committee may be interested. Indeed, members have raised some of those issues and will want to discuss them more. Members may wonder why we have not identified a budget line for the Scottish Qualifications Authority. In 2001-02, we used end-year flexibility to cover the SQA's deficit without reducing planned expenditure in other areas. We hope to do the same in 2002-03, but we must be honest about the fact that there will be a challenge. We are discussing with the SQA its financial strategy for returning to self-financing status. We will have to take that into account in the forthcoming spending review, to ensure that the necessary resources are available from 2003 onwards without making an impact on other areas of work.

One of the most notable changes from last year's budget is the transfer of pre-school education funding to local authorities. From 2002-03 onwards, local authorities will have an additional £137 million with which to provide pre-school education to all three and four-year-old children whose parents wish them to have it. In the education budget, we have transferred responsibility for the changing children's services fund from the heading of young people and looked-after children to the heading of children and families. That reflects the belief that we must take a wider approach to integrating children's services. We will continue to work closely on that issue with our colleagues who work in health and social justice.

We propose that the excellence fund should soon become the national priorities action fund. We agreed with COSLA that the structure of the excellence fund should be reviewed. That review has been concluded at official level and we await the outcome of consideration by COSLA's political leaders. In the proposals, we attempt to secure greater transparency by separating out the school building element, whose aim is to provide local authorities with support to meet their PPP commitments.

The core of the fund will be reformed in two ways. We propose to align it more closely to the national priorities and to give local authorities more flexibility in using their allocations. The proposal is to have five core programmes: school in the community; social justice; discipline and ethos; school national grid for learning infrastructure; and new national qualifications. That is intended to replace the 20 original programmes. The fund will also be used to support centres of excellence.

A significant part of the current allocation of the excellence fund—the figure will be £64 million in 2002-03—will be added to grant-aided expenditure. That is because it is important to find the right balance between targeting money on key policies to fulfil our overall targets and objectives and giving local authorities more flexibility to address local needs.

I hope that my setting out the context in which we are working helped members. Mike Ewart, Riona Bell and I are happy to deal with detailed questions.

Cathy Peattie: In a sense, my question is about targeting. In the past two years, much work has been done on mainstreaming and equality issues, which are important to education. Last year, I raised with Nicol Stephen the fact that I felt that the budget papers did not reflect the work that was being done and did not monitor outcomes. This year, I still feel that the document does not do enough in relation to monitoring the work that has been done and that it does not highlight some of the work that has been done around mainstreaming and equality issues. Can we change that? If we are talking about targeting and delivery, we need to know exactly what is being delivered and whether it is working.

Cathy Jamieson: As you know, we are attempting to support, by a number of methods, the policy of mainstreaming where that is in the best interests of children and young people. An amount of money that is deemed to cover special educational needs goes through the general allocation to local authorities, but there are also specific grants. Specific money was given to local authorities to assist with the implementation of the Education (Disability Strategies and Pupils' Educational Records) (Scotland) Bill. Do you have specific questions about how the money is distributed?

15:30

Cathy Peattie: I am interested in how we measure success in relation to getting the money and resources to where they need to go. There are good intentions, but the reality relates to delivery and I can see no clear indications of how that is to be measured.

Cathy Jamieson: It is important to stress that, in the move to give local authorities more flexibility with their resources, it is intended that we will build on the work that has already been done with local outcome agreements. It is important that we know that the money that is being allocated for particular purposes does the job that it is meant to do. Through changes to the excellence fund, for example, we have attempted to ensure that, as we have used particular budgets as a lever to get change at a local level, opportunities are created for local authorities to set their own targets and priorities on the basis of local need. The local outcome agreements are central to that, which is why we have continued to move down that line in relation to the national priorities action fund.

Jackie Baillie: Do other members wish to make a contribution?

Irene McGugan (North-East Scotland) (SNP): I want to ask a question that follows on from the Parliament's debate last Thursday. In the initial draft budget document, a figure in excess of £15 million was set against social work training in 2003-04, which would have seemed appropriate and welcome, given the establishment of the Scottish Social Services Council and the terms of the action plan that was announced last week. In the more recent document, however, that figure has come down to £10.2 million, which is a decrease of about 50 per cent. What is the reason for that discrepancy? Does it mean that there will be a decline in predicted expenditure on social work training?

Cathy Jamieson: I think that Riona Bell has the specific figures.

Riona Bell (Scottish Executive Finance and Central Services Department): The money has not come out of the budget; it has been reallocated from the social work training line to the line that deals with young people and looked-after children. It is a budget management adjustment rather than a decline in the resources available.

Irene McGugan: Okay, but if it is going to young people and looked-after children, it will not be spent on social work training.

Cathy Jamieson: Additional resources were put in just before the end of the previous financial year to boost social work training. The money went directly to local authorities and it was up to them to find the best ways of using it at a local level. We will supply the committee with a detailed breakdown of where that money went.

Jackie Baillie: It would be helpful for the committee to receive that information, but the issue also raises a point about changes in the presentation of the budget documents that make year-on-year scrutiny difficult.

Irene McGugan: That was exactly the follow-up point that I was going to make. It is hard for us to compare documents with different headings and to trace funds when they are transferred from one heading to another.

Cathy Jamieson: I, too, experience that difficulty. Some of the questions that I was asking in preparation for this meeting were to do with the fact that, in some budget headings, additional resources had been made available during the year, although that is not reflected in the budget document. As I understand it, the current presentation of planned expenditure is what was asked for to make it easier to see year-on-year changes. If members say that it is not easier, we will take those comments back to the right places.

Michael Russell: I would like to address two issues, convener. Perhaps I should say temporary convener, as we seem to have lost our deputy convener.

Jackie Baillie: I was trying to speak with a deeper voice.

Michael Russell: That is fine. I will begin with the evidence that we heard from COSLA on the McCrone agreement. Helen Law believes that the allocated sum is adequate but that there are difficulties with individual local authorities. However, some local authorities claim that the sum that they are being offered is inadequate. Is consideration being given to what additional resources might be required for the funding of the McCrone settlement? For example, additional resources might be required for the induction year. Where will the additional money come from and how much is it estimated to be?

Cathy Jamieson: Michael Russell will be aware that the overall funding of the McCrone agreement was decided on in consultation and discussion with local authorities. I am sure that Helen Law emphasised that point. I am aware that some local authorities are concerned that the allocation that they will receive is perhaps not what they hoped for. The knock-on effect of that is the suggestion that other authorities might receive more than COSLA, in reconsidering the matter, thinks necessary. There are concerns about ensuring the best possible outcome for the induction year. We must place a number of people and ensure that they get into the process. We are working hard on that. I ask Mike Ewart to update the committee on the process and the time scales, as he is the person most directly involved in the matter.

Mike Ewart (Scottish Executive Education Department): Discussions with local authorities about the details of the placement are on-going. We do not expect the issue to be resolved until the middle of May. The question is how much additional support the authorities require to

provide places for the number of students above the original number that was anticipated when the McCrone settlement was reached with COSLA in January 2001. We expect that any resources that are required to meet the shortfall can be met from EYF arrangements for the present year. For future years, that shortfall will be part of the spending review planning. We expect the numbers to be reduced significantly in future, given that the base from which we will work this year is larger than that in the original plan and given the additional time that is allowed for scaling down the number of students over and above the original number.

Michael Russell: That is a helpful step forward. That information will be of great interest to the large number of people who are affected. As the minister knows, I have made representations on behalf of some of those people.

David Dorward from Dundee City Council estimated that approximately 75 per cent of education budgets, from whatever source, are spent on staffing. I do not think that the minister would dispute that figure, although it is not exact—perhaps Mike Ewart has the exact figure. Although there are increases in the budget, which was drawn up before the Chancellor of the Exchequer's budget, the increase in employers' national insurance contributions will have an erosion effect on the figures. What efforts will the Scottish Executive make to overcome that effect? If the effect is not overcome, the anticipated increases in the budget, which are already earmarked, would be considerably less than expected. The erosion effect will be substantial; it will certainly be around £50 million, but it might be more.

Cathy Jamieson: I will begin by following up on Michael Russell's point about the welcome news for people who might be affected by the McCrone agreement. It is vital that we progress the matter. I assure members of the committee and other MSPs who have made representations on behalf of their constituents that we take the issue seriously.

In the light of the changes in national insurance contributions, which will have an effect, we must examine the issue in detail to discover whether there will be an effect in the overall scheme of things.

Mike Ewart: Members will not be surprised that the issue of national insurance contributions arises wherever people are employed. Education is not the only area of local authority or public sector spending that will be affected.

Michael Russell: I did not indicate that I did not realise that. I indicated that there are expectations of increased budgets in the hard-pressed education sector—that is what we are interested

in—but that those budgets will be affected by increased costs. The increase in national insurance contributions is substantial, not marginal; unless serious consideration is given to the issue, there will be less, rather than more, money.

My final point is on PPP. In Arthur Midwinter's briefing for the Finance Committee, there remains an expectation that the outcome of the first round will be made available—or at least, that it will be made known to ministers—by the end of April. When will the announcements be made to local authorities and the Parliament? Will those announcements be made in a way that will allow them to be scrutinised and discussed?

Cathy Jamieson: As Mike Russell is aware, we are looking at all the bids in detail. A considerable number of more significant bids were received than might have been expected originally. Some local authorities have taken the opportunity to look at their entire school estate, whereas others have chosen to look at a more scaled-down potential operation that would allow them to do some basic pieces of work now with a view to doing other work at a later stage.

It is important that I set that exercise in context. We must realise that there is no quick-fix solution to the problems. I am sure that the local authority representatives outlined that point in their submissions to the committee. Work requires to be done over a long period of time and we are in the process of discussing with COSLA how best to take that work forward. We must put in place a proper strategy so that whatever we announce in this round of bids is seen as the beginning of the process rather than the end.

Members will also be aware that the Minister for Finance and Public Services has given assurances about the future of PPP/PFI initiatives. Obviously, I want to discuss the implications of those assurances with him. We hope to make an announcement as soon as possible after we have examined all the bids and discussed the matter in the Cabinet. I do not have a date for the announcement, but I hope that it will be made in May.

The Deputy Convener: Jackie Baillie indicated that she would like to ask a question. Do other members want to get in? Are you okay, Ian?

Ian Jenkins: Yes.

The Deputy Convener: Do you wish to ask a question?

Ian Jenkins: Yes.

The Deputy Convener: I will let you in.

Michael Russell: Speak up, Ian.

Ian Jenkins: Sorry, convener. I was waiting—I

thought that you were going to call Jackie Baillie first. I am not quite prepared.

I want to ask a question that I have asked before on how the education budget is handed over to local authorities. If, as we were told earlier, 75 or 80 per cent of the GAE for education goes on staffing costs, the remaining 20 per cent is the amount that local authorities have to play with to provide other core services. The minister knows that I am interested in the idea that there is an unequal distribution of school transport, for example, and that there are issues around special educational needs that are difficult to budget for. Those issues might arise because of an in-built bias in the direction that particular councils might take. How are those imbalances judged and taken into account?

Cathy Jamieson: I am aware of Ian Jenkins's interest in the provision of education in rural areas. He has asked previously whether rurality is taken into account in relation to issues such as school transport. The short answer is yes. There are a number of different ways in which different needs are identified, and the number of different distribution formulae has been identified as part of the problem. For example, the formula that was used for the roll-out of new community schools was different from those that were used in other areas, such as rural schools and school transport, which were taken account of through GAE. The process can be quite complex and I am sure that COSLA will have made representations about that.

Ian Jenkins: Someone told me that, when they looked at the budget for the core paths network some time ago, they discovered that Glasgow got more money for core paths than any other local authority.

Cathy Jamieson: I am sure that we could write a note about that particular issue, as I know that you have raised it before. I assure you that rurality is taken into account when we are considering school transport.

Jackie Baillie: I have lots of questions, minister—subject to the convener allowing me to ask them. We heard evidence from COSLA on the usual issue—too much money is ring fenced. COSLA is saying, "Take all the ring fencing away and give us the money", and Councillor Law suggested that local outcome agreements, which I know you are piloting, could provide the way forward. I asked the COSLA representatives how they would encourage local authorities that were not keeping to their side of the bargain in a local outcome agreement to take appropriate action to rectify the error of their ways.

15:45

Cathy Jamieson: I would hope that, through constructive discussion with local authorities, we

would be able to agree in advance the measures to be assessed. That is what we have been doing in the pilot areas for local outcome agreements, to ensure that everybody is clear about what is expected and that everybody is committed to delivering it.

There have been areas of concern and I am sure that Jackie Baillie is aware of them. People have sometimes suggested that money that was intended for particular initiatives did not get to the front line. A careful balance has to be struck between central direction and local flexibility. In my opening statement, I said that, where things are working well, we should give local authorities flexibility and ensure that they have the resources to back up local judgments.

I hope that we would not reach the stage of having to do anything terribly drastic. However, I will give an example to do with looked-after children. A significant amount of money has been given to local authorities with a particular purpose in mind. We have made it clear to the local authorities several times that we will put information that they give us into the public domain. That will lead to accountability and the local authorities are co-operating.

Jackie Baillie: Instead of asking how you tackle rurality issues, I want to ask how you tackle disadvantage and exclusion. I know that there are formulae for the allocation of mainstream education funding to local authorities, and I know that you use the instrument of specific grants, but what proportion of overall education expenditure in Scotland is targeted on closing the gap between those who are most disadvantaged and those who are not?

Cathy Jamieson: We are trying to strike a balance between initiatives to raise general educational attainment levels and other measures to close the gap. We acknowledge that we need to do more to close the gap. Moneys from the changing children's services fund have been earmarked to allow local authorities and their local partners to change the way in which their services operate so that they can adhere to the social inclusion agenda and help to close the gap. Sometimes we have to put in resources to bring about that kind of change. We are attempting to do that.

On specific grants, different distribution formulae are used depending on what we hope to achieve. I am thinking in particular about special educational needs and improving behaviour in schools. Money has been targeted on pupil support and on the work of the discipline task force. In different ways, we are putting in money to bring about change.

Jackie Baillie: I am interested in the proportions of expenditure simply because, if we are to move

the debate away from equality of inputs and towards equality of outcomes, we will need that kind of raw data. It is easier to put in specific amounts of money than to engage in the debate about how much of the mainstream funding should go towards tackling disadvantage. I would like to return to this issue and tease out further information.

In earlier evidence, we heard that the Executive's targets on attainment levels meant in practice that schools focused less on children who were least able to achieve and more on children who were on the borderline. I am concerned that some of the Executive's targets send out the wrong message.

Cathy Jamieson: In setting any target, we must recognise that we are not just talking about the number of young people who attain particular levels in exams. Our priority is to ensure that every child has the best possible opportunity to fulfil their potential. That means that some of the targets that require to be set focus not on academic achievement, but on issues such as the school's ethos and the way that young people are included. Those issues must be taken into consideration when we look across the national priorities. It is not the case that we can measure attainment simply through academic output. That has been made very clear in the way that targets have been set and in how additional resources have been allocated.

Jackie Baillie: I have a much broader question about mainstreaming equality. I know that the schools division of the Scottish Executive education department has introduced a mainstreaming pilot. I am also aware that, in education, there are different levels of attainment between boys and girls, and gender gaps in the use of information and communication technology. I wonder how you plan to address those issues and whether, as a matter of course, everything that you do has to take equality into account.

Cathy Jamieson: I want to reassure the committee that we take equality issues into account in everything that we do in the department and in the way that we allocate resources. This committee and others in the Parliament have given us some helpful steers on how best to build equality into legislation and on resource allocation.

Michael Russell: I want to build on that point. Earlier, we discussed with David Cameron from East Lothian Council the academic report from Strathclyde University that was reviewed in *The Scotsman* on Saturday and which addresses the very issue that Jackie Baillie has raised. We also talked about the fact that, while progress is being made in primary schools, people are finding it difficult to make the same progress in secondary schools. I should point out that that is not a

criticism of East Lothian Council. One of the problems is resourcing the training and development of teachers to address the issues adequately. I realise that the issue is complex, but how are you addressing it in the budget plans?

Cathy Jamieson: We must recognise that a considerable amount of very good work is being done in this area. I am aware of the work that is being done in East Lothian Council; indeed, I have visited schools in East Lothian that have taken some new and imaginative approaches and have made significant efforts to make social inclusion a reality. There have also been attempts to include some very needy young people who have particular special educational needs in certain primary schools.

However, we need to move towards including more young people. Mike Russell will be aware that we are trying to improve the ratio of adults to young people in classrooms and that we have allocated money for classroom assistants. Other initiatives are continuing. Moreover, it will be important to provide continuous professional development for teaching staff to ensure that they can deal with certain issues when they arise in the future.

Michael Russell: So, in the light of the type of analysis that has been conducted in East Lothian, increased resources will be provided for continuous professional development for teachers.

Cathy Jamieson: I will avoid that attempt to put words into my mouth, and say that there will be on-going support for the Executive's inclusion policy. We want to continue to close the gap and ensure that young people get the best out of education. As a result, we will make a very strong case in the spending review for the resources that we need to deliver those objectives.

Michael Russell: The point that the Strathclyde University academic review made—and which is not seriously in question—is that resources were not adequate to the task and that other things needed to be done. All I am asking is whether you will take account of that as time goes on.

Cathy Jamieson: I assure you that we will do so. I know from discussions that I have had and from my visits to East Lothian that people are trying to address that situation locally. The people there know that they have done a very good job at primary level and recognise that it is not simply a question of allocating more and more money to solve problems. They might also need to do other things. That discussion is also taking place in other areas of Scotland.

The Deputy Convener: No other members wish to speak, so I thank the minister and the civil servants for their time and their contributions this afternoon.

Petition

Health Education (Guidelines) (PE427)

The Deputy Convener: The next item is petition PE427, on health education, which we have discussed previously. We must agree a letter on this petition to the Minister for Education and Young People. Members have a copy of a draft letter. Most members will have received—I certainly did—an e-mail from the petitioner, the Reverend Iain Murdoch, about the letter. Are there any comments on the draft letter?

Michael Russell: The second point in Iain Murdoch's e-mail about the guidelines is echoed in the letter from the Church of Scotland, which has been circulated. We have to be clear what we are asking for. Both parties made the point that they do not want the guidelines to be reviewed as such; they want the guidelines to be altered to drop the list of approved materials—it is a matter of wording. It is difficult for us to ask for that. There is nothing wrong per se in a list of approved materials. It would be odd if a circular such as the one that we are discussing did not have a list of approved materials. Indeed, that was the idea behind having a list.

The question is, where are the materials coming from, how are they being reviewed, and how were the materials that we saw included in the list? Jackie Baillie was right to raise last week the relationship between Learning and Teaching Scotland and the Executive. We have to think about that carefully. We are saying that there is something wrong with the circular at present. That may be either that inappropriate materials are attached to it, or that an inappropriate process was employed in ensuring that the materials were right and would not create difficulties.

Jackie Baillie: I have read the comments from the Church of Scotland education committee and the petitioner. Our route into this issue is to suggest that the guidelines be reviewed—the documentation, if you like—which implies the resources as well. There will naturally be points at which the Executive and Learning and Teaching Scotland review such things as a matter of course. I accept that we could tidy up the wording in the letter. We are not asking for materials to be excluded; we are seeking to establish whether Learning and Teaching Scotland or the Executive has plans to examine this matter afresh. If so, that might be the most appropriate context in which to consider the issues that are raised by the petition.

The petitioner's comments about confusing the guidelines, guidance and circular 2/2001 are apt. Some clarity would be helpful. I do not think that the third last paragraph on the second page of the draft letter is particularly helpful, because we are

not seeking a review of circular 2/2001. The circular was the thing that everybody said worked well. The point was that members asked whether circular 2/2001 or the guidelines were the most important.

I would delete that paragraph in its entirety. I would also re-work the second last paragraph. Somewhere in the letter, we need to recognise the welcome safeguards that the minister referred to in her letter, and the fact that we felt that teachers would not use the resources and that there was no evidence that they had been used in the classroom. I would remove the rhetorical question from the second last paragraph—the point is made in the preceding paragraphs and the question is therefore unnecessary.

I apologise, convener, but I would like to return to the top of the page where members will find the words:

“The Committee notes that the materials were devised by Learning and Teaching Scotland”.

I would like to clarify that statement. The materials that we are examining were not devised by Learning and Teaching Scotland, but were suggested as resources. Perhaps we could tidy up the language. I have a further point to make, which is that the paragraph should end with:

“can the process be tightened up or further improved?”

and not with:

“in light of the nature of the material and the reaction to the material”.

That point is unnecessary and should be deleted. It is covered elsewhere in the letter.

I have one tiny, final point about the third paragraph on the second page. I apologise, convener, but I am an anorak.

16:00

Michael Russell: Do you not get out much?

Jackie Baillie: I do not.

The paragraph contains a reference to “Circular 2/2002”. I may be confused, but should not the reference be to “Circular 2/2001”?

Martin Verity (Clerk): It should be to 2001.

Jackie Baillie: Thank you. That is all.

The Deputy Convener: I cannot bear couch anoraks.

I refer members to the typo in paragraph 3 on page 1. The word is not “concered”, it is “concerned”.

Mr Monteith: I disagree with Jackie Baillie. If she wants to remove the rhetorical question from the second last paragraph, could we not insert it in

another, more appropriate place? That would be in the second top paragraph on the second page where it would strengthen the point that is made. The point is worth while.

I agree with the other points that were raised, as we are dotting the i's and crossing the t's.

I turn to the comments from the Church of Scotland. We have a list and there would be great concern if it was withdrawn because people could not agree about what was to be on it. That would cause parents greater confusion and disturbance and it would not achieve what the Church of Scotland seeks to achieve. It is more important for us to seek clarification about what should and should not be on the list. The list should not be withdrawn.

The Deputy Convener: Is that clear?

Ian Jenkins: It is important for us to recognise the difference between the guidance and the guidelines. We are talking about the guidelines that include a list. We have to decide whether to keep or remove the list.

Cathy Peattie: I support what Jackie Baillie said.

The Deputy Convener: There is consensus about deleting the question and not inserting it elsewhere in the letter.

Mr Monteith: For brevity, I suggest that the question is deleted, but I wish my dissent to be noted.

The Deputy Convener: Do members want to see the letter again next week, after it has been redrafted?

Members: Just send it.

The Deputy Convener: Are we agreed on that?

Members *indicated agreement.*

Work Programme

The Deputy Convener: We continue in public session to consider the committee's work programme. Members should have a copy of the document in front of them and also a copy of the additional paper on a matter that was raised last week. Do members have comments on the proposed work programme as it is set out?

Cathy Peattie: As I noted last week, I am concerned about the lack of the arts and culture in the work programme.

Michael Russell: We are caught in a slight procedural anomaly and I want to make a suggestion about it. We need to do something on the arts and culture. Because of a variety of circumstances that we will not go into, Cathy Peattie cannot present the large amount of work on traditional music that she has prepared. That is because she is only a substitute member of the committee. Apparently, substitute members cannot do certain things.

However, as Cathy Peattie has substantially finished that work—or is in the process of finishing it—could the task not be passed to another member of the committee? Perhaps the deputy convener or Jackie Baillie could present the work in their own name but with a full acknowledgement of what was done by Cathy Peattie. Cathy could contribute to the discussion and we could then make progress on an item on which we wanted to make progress last year.

Cathy Peattie: The work that I was involved in is only an example. Several other members are also involved in pieces of work. The expectations of various organisations throughout the country have been raised about the committee's on-going work. I had to leave the work that I was doing, but it could be pulled together and completed quite easily. I do not care who presents it.

However, this is the Education, Culture and Sport Committee. That is the perception that people have of us. People out there expect that we will complete the work to which we have committed ourselves. Whether or not I am on the committee, we must bear in mind the broad remit of the committee. I am concerned that we might lose that remit.

The Deputy Convener: Will Martin Verity clarify the situation? Do we invite Cathy Peattie to submit what she has done so that we can put it on the agenda? It would then be owned by the committee anyway. I do not think that there would be any technical problem with that.

Martin Verity: Yes. That would be possible.

Cathy Peattie: I welcome that, but the reason that I raised the issue is that I think that we should

be considering language, music, culture and the issues surrounding a national theatre. We have discussed all those issues and agreed to deal with them again. My concern is not whether I am on the committee or someone else is but that we might lose sight of those things.

The Deputy Convener: Okay. Let us try to find solutions to that concern.

Jackie Baillie: I am conscious that we have a full work programme. We can get over the technical issues about what the committee should and should not deal with but, on a practical note, where do we build into our work programme the consideration of the arts that many members would like to have?

The reality is that we have a substantial work load. We must deal with the free school meals bill, the children's commissioner bill and the purposes of education inquiry. If we want to do a subject justice, we should not simply tag it on the tail-end of an agenda. That points to the possibility—depending on whether the Executive introduces one bill or two—that we could build in time to do something after the summer. The committee agreed that it would consider its work programme over the course of the summer recess. That might be the most appropriate time to build in something about the arts.

Cathy Peattie: I agree that it is not appropriate to tag items on, but I remind the convener that, during the consideration of our work programme last year, there was a lot of discussion about the importance of including on the agenda those issues that I have mentioned. I am concerned that those issues might get lost. I know that we are about to consider the issue of football, but it seems to me that we should look at the arts if we are considering including other items on our agenda.

Michael Russell: Members will not expect me to disagree with Cathy Peattie in the slightest and, indeed, I agree entirely. I simply tried to make a helpful suggestion.

Cathy Peattie: I appreciate that.

Michael Russell: Let me try again. We need to take the report on traditional music that Cathy Peattie has done and get it on to the agenda before the summer. We need a chance to discuss the report to see if we need to take further action, which I suspect will be the case.

Irene McGugan's report on language has a strong cultural dimension. I understand that Irene McGugan could present her report in September after the recess. The committee agreed that, for our final year, we would deal with a major cultural topic but we seem to have lost the topic to another committee. We therefore need to agree on what

the cultural topic should be and to discuss it over the next few weeks so that it can form part of our work programme that will start in September.

I entirely concur with Cathy Peattie except on one detail. The committee's remit also includes sport. We have a responsibility to examine sports issues and some of them are major issues. The committee's brief is too wide. The Parliament needs a separate culture committee. Frankly, I think that the Executive does not organise culture properly. However, having said that, we are probably stuck with what we have until next year. As we have a heavy legislative work load and also have our purposes of education inquiry, the compromise that has been suggested is probably the best that we could do.

Mr Monteith: I agree with Mike Russell and Jackie Baillie. There are great difficulties with our work load and what we face until the summer. Members will remember that, when I raised the issue of consideration of the McCrone settlement about a month ago, I flagged up that I could not see a way of dealing with it until the autumn. I thought that our work load looked fairly tight. It is important that the committee gives culture and sport proactive treatment. Time has been given to those issues, but generally they have been treated in a reactive way when we have had to deal with panics or crises.

Mike Russell mentioned a main cultural topic. It is important that we try at least to revive the consensus for a national theatre and I hope that that issue can be given serious thought for the next session. I am concerned that the issue may be allowed to drift and I hope that we can do more to explore what can be done to see a national theatre to fruition, as there is cross-party support for it.

Given Helen Law's comments on the bottom-line figure for the McCrone settlement, the distribution of funding requires further examination, although not the examination that she wanted to see in the committee. We should keep an eye on having the McCrone settlement reviewed in September or October and consider bringing Councillor Law or other COSLA representatives and relevant witnesses before us.

The McCrone settlement must be considered before it is too late. I reiterate that I am concerned that the closer any review of the McCrone settlement is to a parliamentary election, the less likely it is that there will be an objective view from the committee. It is likely that members will take positions that are closer to their party's view. That would be regrettable if the committee were trying to reach a consensus.

The Deputy Convener: The committee has the message about more focus on culture. We will get

the paper on traditional music developed before the recess.

There are three matters to consider: cultural issues, the McCrone settlement and sport. The obvious sport issue that has been around for a while is sport in schools. One or two members have mentioned to me that we still await a response from the Executive and I have raised concerns with the minister. A discussion has emerged in the past fortnight about the future direction of Scottish football. I am considering the discussion paper and am conscious of time. If we want to do things properly, we should not kick the issue into the long grass. We need to have a strategic discussion. I do not know how we can do that in our overall post-summer programme.

The away day event in which we interacted with ministers was valuable, but I do not know whether we have time prior to summer to organise something like that. Do members think that it would be worth while to do that as soon as we come back after summer? Should we try to fix up something for the remaining nine months of the committee?

Michael Russell: A single day away would certainly be useful. Perhaps two days are not needed, but certainly an evening and a day would be useful. That would give us a chance to do certain things. We should have that as early in September as we can to look at the last year. We need to find our way to that today.

On the cultural side, we identified that there is no possibility of adding anything between now and summer. On the away day, it would be useful if a member's paper—perhaps an initial rapporteur paper—informed us about general issues in Scottish football, including how sport in schools impinges on football. We might not want to take up the issue, as there are difficulties, but we might take it up. I think that Frank McAveety would be the ideal person to do that.

I concur with Brian Monteith on the McCrone issue, but I think that he is too hopeful in believing that there would be no positioning on the issue. We are close enough to an election for such positioning on the issue, which is a political one. However, hope springs eternal and we will see what happens. The McCrone issue should be considered next session, but we must agree first on our work programme. Let us do what we have to do—with the agreed addition—and have an away day early in the new session or in the week before we return so that we can consider those issues.

16:15

The Deputy Convener: We can explore that option and consult committee members for firm

dates, recognising that members will also have family commitments at that time.

Mr Monteith: I want to put on record my opposition to the idea of more parliamentary resources being put into more papers on the issue of Scottish football. If further work is done on the issue of school sport, soccer in schools could be considered. However, this is a slow-moving committee and should not commit resources at this time to such a fast-moving issue as Scottish football. I concur with the Executive's view that Scottish football is a commercial consideration. Although the committee cannot do much on the sport aspect of football, members, as parliamentarians or as party spokesmen, are free to do something. However, the committee can review the issue when we return in September.

Martin Verity: I wonder whether members would be happy with having a seminar in the last week of the recess. That date would be helpful for business planning.

Michael Russell: Yes.

The Deputy Convener: Do members have comments on Brian Monteith's most recent contribution?

Michael Russell: I take issue not only with what he said, but with how he said it. This committee is not slow-moving and works well together. We have our differences, but we have achieved much. Our work programme speaks for itself, as does the number of hours for which we meet. More important, I find fascinating the philosophy that states that parliamentary committees have no role in commercial affairs. That is an extraordinary separation of issues, and it is simply not true.

Mr Monteith: The appropriate parliamentary committees should deal with commercial issues.

Michael Russell: That is simply not true. In those circumstances, although I am not proposing an inquiry, I am not ruling out having one.

The Deputy Convener: To keep the football metaphor going, we have a crowded midfield and are trying to find space to get in the real strikes. I am conscious of the time that we have spent on the issue, but I agree with Brian's comment about Scottish football being a fast-moving issue, as the past fortnight's events prove. However, perhaps the committee should respond to such fast-moving events. The events of the past fortnight and the language that has been used are symptomatic of the self-interested attitudes in Scottish football. The Education, Culture and Sport Committee's strategic role means that we cannot ignore the wider issue of the future of Scottish football.

The committee has the opportunity of going to Aberdeen. Given the comments that have been made in the media and the fact that a senior figure

in Aberdeen Football Club has been involved in the Scottish Premier League debate, we could facilitate exploratory discussions on the issue. Brian Monteith, as a parliamentarian, is welcome to join me in such discussions, perhaps as a redoubtable wing-back.

Mr Monteith: I thought that I would be left-back, given the committee's perception of me.

The Deputy Convener: Or sweeper.

Can we move forward? We have a commitment to consider a paper on the position of traditional music in the arts. We must also organise our diary commitments for the recess to enable us to have our seminar.

Michael Russell: There is also the languages paper at the beginning of the new session.

The Deputy Convener: That would also be helpful. Perhaps that can be done early in September.

I trust that members are happy with that work programme. I conclude the public part of the meeting.

16:18

Meeting continued in private until 16:44.

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