



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

EDUCATION AND CULTURE COMMITTEE

Tuesday 25 October 2011

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EDUCATION AND CULTURE COMMITTEE

8th Meeting 2011, Session 4

CONVENER

*Stewart Maxwell (West Scotland) (SNP)

DEPUTY CONVENER

*Claire Baker (Mid Scotland and Fife) (Lab)

COMMITTEE MEMBERS

*Clare Adamson (Central Scotland) (SNP)

*Marco Biagi (Edinburgh Central) (SNP)

*Jenny Marra (North East Scotland) (Lab)

*Joan McAlpine (South Scotland) (SNP)

*Liam McArthur (Orkney Islands) (LD)

*Liz Smith (Mid Scotland and Fife) (Con)

*Jean Urquhart (Highlands and Islands) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Linda Ellison (Historic Scotland)

Fiona Hyslop (Cabinet Secretary for Culture and External Affairs)

Ken Macintosh (Eastwood) (Lab)

Michael Russell (Cabinet Secretary for Education and Lifelong Learning)

Andrew Scott (Scottish Government)

CLERK TO THE COMMITTEE

Terry Shevlin

LOCATION

Committee Room 6

Scottish Parliament

Education and Culture Committee

Tuesday 25 October 2011

[The Convener *opened the meeting at 10:09*]

Decision on Taking Business in Private

The Convener (Stewart Maxwell): Good morning and welcome to the eighth meeting in 2011 of the Education and Culture Committee in session 4. I remind members to switch off mobile phones and any other electronic devices. We have received no apologies, but Joan McAlpine has been slightly delayed. We hope to see her shortly.

The first item on the agenda is to decide whether to take in private items 3 and 4 and to consider whether our draft report on the draft budget should be considered in private at future meetings. Do members agree that those items should be considered in private?

Members *indicated agreement.*

Draft Budget 2012-13 and Spending Review 2011

10:09

The Convener: The committee will conclude at this meeting its evidence taking on the Scottish Government's 2012-13 draft budget and the 2011 spending review. I welcome the first panel of witnesses and apologise to them for the slight delay in starting the meeting. I welcome Fiona Hyslop MSP, who is the Cabinet Secretary for Culture and External Affairs; Linda Ellison, who is the director of finance for Historic Scotland; Wendy Wilkinson, who is the deputy director in the cultural division of the Scottish Government; and David Seers, who is the team leader of the cultural excellence team in the Scottish Government.

Before questions from the committee, the cabinet secretary will make an opening statement.

The Cabinet Secretary for Culture and External Affairs (Fiona Hyslop): As the committee will be aware, the real-terms reduction in the Scottish budget has required that tough decisions be taken across Government. The Scottish Government's spending plans for 2012 to 2014-15 focus on accelerating economic growth, protecting and creating jobs and maintaining high-quality public services in the face of the sustained cuts in public spending that have been imposed on us by the United Kingdom Government.

I and my Cabinet colleagues have worked collectively to focus on economic recovery through, for example, prioritising capital investment in major national projects, and investing in renewables and skills and in training support for young people. Collectively, we have also delivered important commitments in public services; we have passed to NHS Scotland the full consequential increases in health spending in England and have agreed with local government joint priorities for front-line services in policing, schools and social care. Against that background of significant real-terms cuts in Scotland's budget by Westminster, the culture and external affairs portfolio will spend £232.4 million in 2012-13, which is £13.2 million—or 5.4 per cent—less than in 2011-12.

In order to meet those reductions, we have had to take some difficult decisions. My priorities are, first, to protect the provision of front-line services and so to minimise the impact of reductions in Scotland's cultural and heritage sector as far as possible. The second priority is to deliver key cultural capital projects over the next three years that will strengthen the cultural infrastructure and contribute to economic growth. Overall, the cultural budget will continue to support Scotland's

economic potential through growth of the creative industries and in opportunities for cultural tourism.

I will give the committee examples of decisions that we have taken in the spending review to support those priorities. I am making no reductions for 2012-13 in the revenue budgets of the national collections and national performing companies, thereby acknowledging the rich cultural and educational resources that they offer at home and abroad. I am protecting the support for private investment in the arts and for fledgling creative enterprises through Arts & Business Scotland and the cultural enterprise office. We are continuing to expand the Edinburgh Festivals expo fund in our annual £2 million investment, which recognises the significant economic impact of Edinburgh's festivals. We are continuing the £10 million youth music initiative, thereby increasing learning through the arts and culture and offering opportunities for young people to develop creative skills.

I have also confirmed our significant capital investment in Glasgow royal concert hall and the Theatre Royal, both of which encourage tourism, and in cultural facilities for the 2014 Commonwealth games. I have also confirmed our commitment to providing £15 million in capital funding for the Victoria and Albert museum at Dundee, which is a key element in encouraging economic regeneration in Dundee. We will also see through our contribution to the Bannockburn battlefield visitor centre for 2014.

Those are some of the priorities that we have set. We have also had to take difficult decisions to reduce expenditure and to achieve more with less in order to live within reduced budgets. There is a particular challenge with reduced capital budgets because of the 25 per cent reduction in the budget for 2012-13. We are discussing with the national collections the relative priorities between, for example, estates maintenance and collection purchase grants, within severely constrained budgets. We will need to work together in looking for savings through sharing resources and assets and through boosting income from other sources wherever possible. We will ask organisations to achieve as much as they can within more limited resources.

Historic Scotland is on course to have a record-breaking year, with an increase of 9 per cent in its visitor income. It has set significant targets for increasing existing income at its sites and for investigating new income streams while delivering ambitious projects. It also expects to deliver further efficiencies to reduce administration costs. The body has, however, committed not to cut its grants budget for 2012-13 and it will also protect front-line staff and recruit an additional 30

apprentices over the coming spending review period.

Although the reduction in National Records of Scotland's budget appears to be significant, it is largely planned as the cycle of the 2011 census activity comes to an end. The budget will enable NRS to begin to publish the census results and continue to deliver its important functions.

10:15

Although there has been a 2 per cent cash reduction in Creative Scotland's core revenue budget, I have made that decision in the knowledge that significant efficiencies have already been made in the move to the single body. We have also maintained the amount of ring-fenced funding, including that for the expo fund and the youth music initiative that are routed through Creative Scotland. I also note that, in 2012-13, Creative Scotland will maintain its support for its foundation and flexibly funded organisations.

However, the most tangible outcome of the budget reductions is that we will be very limited in our flexibility to respond to new initiatives during the financial year. The conscious decision was made to protect many of the services and programmes that I have already mentioned, but it means that all spending on culture will come from the planned expenditure of the organisations that we fund. I have squeezed as much as possible from the budget to ensure that the sector receives the maximum available investment. Crucially, however, I will not be able to respond to new one-off funding requests from other organisations, including local authorities, or provide bail-outs for local cuts. The Scottish Government simply does not have the capacity to be seen as the funder of last resort for the culture and heritage sector and, although I recognise the significant benefits of culture and heritage to our society and economy, I urge those who make decisions about local cultural services to bear in mind what I have said when they set their budgets for the coming year.

Finally, and on a more positive note, I want to say a little more about the Government's new young Scots fund, which forms part of my portfolio budget. The fund will have two significant culture and heritage elements. First, in partnership with Stirling Council and Forth Valley College, it will support the creation of a new £3 million national conservation centre at two locations in Stirling. The initiative will help to sustain and develop the necessary skills to secure the future of Scotland's historic environment, which contributes more than £2.3 billion to the Scottish economy and already supports around 41,000 jobs in the heritage sector.

Secondly, £5 million of the young Scots fund will be allocated to a national centre for youth arts to provide accessible rehearsal and production facilities for companies including the National Youth Orchestra of Scotland, the National Youth Choir of Scotland and YDance, the youth dance agency. I will be asking Creative Scotland to take the lead in bringing together the relevant partners, which will include the Royal Conservatoire of Scotland and the national youth performing arts companies, to develop detailed plans for the centre. Those two projects are important examples of how the Government is using the spending review to prioritise investment in Scotland's young people and enable them to achieve their full potential.

I hope that that introduction and overview have helped committee members in setting the scene for their questions.

The Convener: Thank you, cabinet secretary. The committee recognises the difficulty that has been caused by the constraints on this year's budget and welcomes the additional clarification in your opening remarks.

Concern has been expressed about the late production of level 4 figures, which we received only yesterday. Why did it take until then for us to receive those figures?

Fiona Hyslop: There are two points to make in that regard. As a member of education committees for eight years from 1999, I am aware that it is only fairly recently that level 4 information has been provided to committees. It is not a mandatory requirement, although I believe that it was agreed that such figures would be provided.

I also point out to the committee that, for this budget in particular, there is very little difference between level 3 and level 4 figures. Indeed, most of the breakdown in the level 4 figures relates to the national collections. Apart from capital—I have already explained the big reduction in that figure—the figures for this year's provision are absolutely identical.

In any case, my budget is relatively quite small and most of the issues about the level 4 figures, which relate to the real pressures that we are under, are already being discussed. For example, I have highlighted the particular pressure on capital and we are discussing with the national collections how they might wish to break all that down in some of their priority decisions.

As I said, there is therefore very little difference between levels 3 and 4 in my budget and, on the point about providing information, we have certainly provided more data than were provided by previous Administrations. Indeed, I distinctly remember sitting where the current committee members are when we were trying to get level 3

information, never mind level 4. I hope that provides some explanation, although obviously the matter is something that the Finance Committee will take forward on your behalf.

The Convener: I am sure that it will. Thank you for the wider context in your response.

Claire Baker (Mid Scotland and Fife) (Lab): Good morning. As you outlined in your opening statement, Creative Scotland's budget will be reduced. The organisation is barely a year old, so how do you see it being able to manage the reduction? It might be assumed that, as a relatively new organisation, it might not have the same opportunities for efficiencies as more established organisations have.

Fiona Hyslop: On the contrary: the development of Creative Scotland delivered a great deal of efficiencies in bringing two organisations together. In recognising that fact last year, when other cultural organisations were receiving reductions, I wanted to provide Creative Scotland with the scope and opportunity to make the efficiencies, so it received no reduction at all. It is in a far better position than the Arts Council in England, for example.

Claire Baker is right to recognise that Creative Scotland has a key role in taking things forward. I can tell you that despite the cuts—the 2 per cent revenue reduction—that I have outlined in its provisions for 2012-13, it will maintain support for 41 foundation organisations and it plans to honour the increases to 13 organisations that were identified in the foundation review. Although things are difficult, Creative Scotland is managing to consider efficiencies within its own organisation. It will also have an opportunity to protect the front-line services that we know from our constituencies and communities are very important.

Claire Baker: Creative Scotland made considerable up-front and initial efficiencies. Are you concerned that it is, having been established as an efficient organisation, now having to squeeze efficiencies out of that, or can it create year-on-year efficiencies? Its creation was designed to deliver efficiencies, but I worry about its ability to deliver year-on-year efficiencies, having started from a high efficiency base.

Fiona Hyslop: Creative Scotland feels comfortable that it will be able to maintain the funding. For example, Perth's Horsecross Arts Ltd, which is in your own region, has received a 17 per cent uplift. Some 13 organisations, including one in Claire Baker's region, will receive an uplift, while funding to the other 41 will be maintained.

On how Creative Scotland can take things forward, its board will meet in December to examine the budget's impact. However, it has expressed to me its confidence that it will be able

to continue to deliver the strong programme that it has in place. It benefits from lottery funding as well as Scottish Government funding, and it feels comfortable and confident that it will be able to take forward both the proposals in the corporate plan and the activity that it has initiated.

Creative Scotland is able to shoulder a share of the reductions. It did not have to do so last year, when other organisations did; the national companies took a reduction of 4 per cent and some of the collections had similar reductions. It has therefore had time to plan a bit more, which I think is the point of Claire Baker's question. It is a new organisation, so I used the opportunity to give it space in 2011-12. We should bear it in mind that, in England, the cuts to the Arts Council were made in 2010-11 and 2011-12; we did not have cuts in 2010-11 and we protected Creative Scotland's budget in 2011-12. We therefore gave it the space to adjust itself for the future.

Claire Baker: The Government is also committed to measuring improvement in audience access and participation. We discussed that in detail with Creative Scotland when it gave evidence. In your opening statement, you referred to local authority budgets and acknowledged the pressure on them and, perhaps, on their ability to deliver on access and participation. It is recognised that local authorities are one of the key players, if not the key player, in delivering accessibility to the arts to communities. What concerns do you have about that for the future, and what discussions are you having with local authorities about how they will manage their budgets for accessibility to the arts?

Fiona Hyslop: This week, I will meet a number of culture conveners from local authorities. Our officials have regular discussions with VOCAL—the voice of chief officers of cultural, community and leisure services in Scotland. There is a huge economic benefit in cultural tourism, which should be an aspect of local decision making. Culture for its own sake is also important in developing audiences and participation. However, we have to respect the fact that local authorities can make their own decisions about things.

What I can do, given that my responsibility is for culture on a national basis, is work with our companies and collections to ensure that they work on audience development and access. I am keen that they work together collaboratively throughout Scotland to ensure that the offering is more comprehensive. I was pleased with the national collections' recent announcement that the artist rooms project will be going the length and breadth of Scotland, taking top-class and top-quality art into small towns and villages. I am pleased that the refurbished Dunoon burgh hall, for example, is getting an opportunity to host artist

rooms. I hope that the companies and collections will be able to work more collaboratively with local authorities to ensure greater accessibility, but I cannot take responsibility for local authorities' budgets.

Claire Baker: The cultural collections settlement will see a decrease of 16 per cent over the four years. The budget states the Scottish Government's continued commitment to the principle of free public access. What discussions have you had with the cultural collections about their ability to deliver that over the four years?

Fiona Hyslop: I think that you are referring to the real-terms figure. If you look at the figures for the national collections, there are no cash reductions for the 2012-13 budget, which the committee is considering, and there is a 0.5 per cent reduction in cash terms in 2013-14 and 2014-15. We are protecting the revenue side of the national collections budget. Given that the overall reduction in my budget is far more than that, you can see that, relatively, they are being protected. I can tell you that they are as committed as I am to free access to museums and collections, and that will continue.

Marco Biagi (Edinburgh Central) (SNP): One of the successes of culture spending in the previous session was the Edinburgh festivals expo fund; continuing it and expanding its reach is noted in the budget document as being a key priority. Will you outline what you mean by that and whether the spending pattern will change geographically or in any other way?

Fiona Hyslop: I am not in a position to announce how we will deliver the expansion of our work with the festivals, but I can say that they are a considerable asset not just to Edinburgh, but to Scotland as a whole. They will be particularly important next year, given that the Olympic games will be held in London and the close of the Olympics will coincide with the start of the Edinburgh festival. The world will be coming to the United Kingdom and we want people who want to stay longer, or who will not be at the Olympics but are here to do something different, to come to Edinburgh.

I know that Marco Biagi has a keen constituency interest in the expo fund. We will announce our plans for the expansion later, but there is something in the model of programmes, such as the made in Scotland showcase, which was developed through the expo fund. We will improve and expand what we do with the festivals. Bear with me; I will come back to the committee and, as I always do, ensure that you are informed of what we plan to do.

Jenny Marra (North East Scotland) (Lab): I am delighted that, in the budget, you have made

provision of £15 million for the Victoria and Albert museum project in Dundee, especially given that you have a 57 per cent reduction in your capital budget for cultural spend. However, I am slightly concerned that there is a lack of detail on the £15 million. Will you set out how it will be allocated over the next three years?

Fiona Hyslop: We need to work with the project team; I have been in close contact with it. I know that Jenny Marra had doubts as to whether we would deliver in the budget, so I am glad that she appreciates that we managed to come through and deliver the funding.

We will work with the project team to ensure that the allocation in each year reflects the project's needs, although it is also important that we all stand together and support what it is doing, to ensure that the fundraising efforts for the additional resources that we want to come in to meet the full costs of the project can be realised. I am not in a position to give a breakdown of the year-by-year activity, but the amount that we have committed is in the budget and we will work with the V&A project board to ensure that the timing and allocation make sense. The money will be there when the project board needs it. We have provided the foundation funding and the statement of confidence. The real allocation of the cash for the coming period means that the project will happen. The V&A will be a fantastic boon not only for Dundee: it should be considered to be a national priority for Scotland. I am sure that you will support that call.

10:30

Liz Smith (Mid Scotland and Fife) (Con): Good morning. You are protecting the operating budgets of the national collections and the five national performing companies, at least over the short term. I am sure that that is quite a task, but it is good to hear because a lot of exciting things are happening. I know that you cannot speak for local government but, given that you are protecting those operating budgets, where will some of the greatest pressures be in other budget areas?

Fiona Hyslop: In my opening remarks, I made it clear that we have been able to protect the operating budgets of the collections, the companies and, in relative terms, Creative Scotland, because Historic Scotland and the National Records of Scotland are taking the biggest reductions. However, Historic Scotland can compensate for that reduction from growth in its income; 9 per cent growth in this year alone is a fantastic result and shows where we can go in the future. The National Records of Scotland can make some efficiencies, and the reduction in census-related work will help with that.

Local authorities collectively spend more money on culture than national Government does. It would send a strong message from the Parliament if, in the committee's report and statements from MSPs from throughout the country, we were to recognise the value of culture—not only what it does for our souls, but what it does for economic spend.

Perth and Kinross Council is a very good example of a local authority that has really grasped the nettle in trying to maximise the sense of wellbeing in its community and what that means for tourism. I cannot speak on its behalf, but I suspect that that is where some of the pressures might be in the future.

Liz Smith: In addition to the priorities that you outline in the budget and that you mentioned in your remarks, do you have priorities within slightly lower levels of cultural development? Are there other budget lines on which the Government will concentrate its effort?

Fiona Hyslop: In my opening statement, I also said that there is no other money.

Liz Smith: There is some.

Fiona Hyslop: There is very little, because it is the "Other Arts" budget line, which the Government has, in the past, been able to use for other priorities as they come up. My statement was clear: the priority is planned expenditure in the operating budgets of the companies, collections and organisations that Liz Smith identified. The Government will not have much room for manoeuvre on new ad hoc or one-off initiatives; there will be very little for that.

On priorities that I have not mentioned, I have managed to preserve the international touring fund, which helps on two levels: it helps to broadcast the nation's cultural capability internationally and it helps with performance. International touring is really important for professional capability. It enables organisations and companies continually to expose themselves to a high standard of work throughout the world. I had not mentioned that fund, but it is one of the areas that I am preserving.

If any MSPs come to me with fantastic ideas—as they frequently do—there will be very little room for manoeuvre, but that is the price that we are paying. However, it is better to trust the experts in the cultural world. With the greatest respect to my excellent officials, the professionals who work on the cultural front line should make the decisions about audience growth and participation.

All our other manifesto commitments will be fulfilled, but there will be no additional funds that would enable us to come up with new initiatives that I am not talking to you about today.

Liz Smith: Notwithstanding that, one of the Government's priorities is youth work. You mentioned £5 million within the young Scots fund. As you well know, there have been many concerns about, for example, the National Youth Orchestras of Scotland, which has had a lot of criticism about funding over the past couple of years. Will the fund be targeted at specific work within youth culture?

Fiona Hyslop: The young Scots fund, in particular, will help to support capital projects. I have mentioned the national centre for youth arts, which will benefit the National Youth Orchestras of Scotland. I should make quite clear the fact that core funding for NYOS is continuing. Creative Scotland will be working with the board to ensure that NYOS moves to a place where it can be sustainable and effective, particularly with regard to its core functions.

On young people, my letter of guidance to Creative Scotland last year made it clear that I expect it to produce a youth strategy. That will be part of its mainstream activity in terms of its priorities—as, I believe, Andrew Dixon said when he gave evidence to the committee. Our national collections and national companies already produce youth strategies and continue to see that as a priority. People might not be familiar with the volume of activity in that regard. In the next few years, I expect to see more activity in the arts for young people, led and supported by national organisations, than there was, say, five years ago.

Liz Smith: Is that £5 million money that would previously have been in the cultural budget or is it from a different source?

Fiona Hyslop: I tried to preface my opening remarks with an explanation of how we have tried to work collectively. One way in which we are seeing our way through this difficult budget settlement is through working collectively across Government. We considered our priorities around preventative spend, for example, with regard to how we could support things in the future. There is the change fund for the elderly and the early years fund, which I assume the committee will be speaking to Mike Russell about later on, but there is also the young Scots fund, which is about creativity, entrepreneurship and sport. That has been a priority, and it is a new funding stream. I might have liked to have the money within my culture budget, but that is a hypothetical matter, because the reality is that it is a new fund that I have managed to use to secure funding for youth, heritage and cultural activities.

Liz Smith: So, it is new money.

Fiona Hyslop: It is new money.

Jean Urquhart (Highlands and Islands) (SNP): I was pleased with everything that you said

in your opening remarks. It was an encouraging statement, in spite of everything.

My question is about Historic Scotland and efficiencies that it can achieve through working with the National Trust for Scotland, VisitScotland and so on. The organisations seem to fit comfortably together, as they have similar priorities. What evidence of that partnership working is there?

You mentioned being optimistic about an increase of 9 per cent in Historic Scotland's income. That is quite high, at a time when most businesses are struggling to make a 1 per cent or 2 per cent increase in their income. Can you say anything about that?

Fiona Hyslop: There is quite a lot to cover in that question. After this meeting, I will meet VisitScotland in order to discuss collaboration that it has been involved in to date and where it is going in that regard. There is a great deal of synergy in this area. VisitScotland's role is to promote Scotland internationally in order to get visitors here, and a large part of Historic Scotland's role is to entice visitors to sites when they arrive.

We should not underestimate the opportunities that Historic Scotland has to increase its income. It has already realised big increases. Edinburgh castle, which is a good barometer of visitor numbers, because most international visitors visit it, has had a record-breaking summer. Historic Scotland is certainly on track to make that 9 per cent increase, which is a prediction that was made before the bumper summer that it had this year.

Linda Ellison (Historic Scotland): The income from Edinburgh castle has increased every year. Overall, we have increased income over the past five years by more than £5 million, to a projected more than £31 million this year. It has been a bumper year—July was phenomenal. Edinburgh castle can handle around 8,500 people a day, and that number was reached on a lot of days in July. We are projecting that the rest of the year will be very good as well.

That said, my colleague, the Scottish Government director of commercial and tourism, always tempers such optimism by saying, "You never know when there's going to be another ash cloud" but at the moment we are very—well, reasonably—optimistic about things.

Jean Urquhart: There are unknown unknowns.

Linda Ellison: Indeed.

Jean Urquhart: Will shared working result in savings in marketing costs for the organisations?

Fiona Hyslop: Again, we are looking at that. As far as tourism is concerned, my message to the

culture and wider heritage sector is that we are looking at how we can ensure more effective working and growth, particularly in backroom activities. That will be one of the items on my agenda for discussion when I leave here. A lot has already happened and I am pleased that a senior management group involving Historic Scotland and VisitScotland has been set up and has met in recent months to take forward that agenda. I have asked the group to do that work and it is doing it. If the committee is interested and finds it helpful, we can provide members with updates to ensure that progress can be tracked. We might need to be more integrated in marketing and promoting what is a fantastic product, but I certainly believe that we can do that.

I do not know whether he will want to comment, but when I put together an interesting list of all the Historic Scotland properties in every MSP's constituency or region, it turned out that Liam McArthur's constituency has the most.

Liam McArthur (Orkney Islands) (LD): Top of the league again.

The Convener: As you mentioned Mr McArthur, cabinet secretary, I will let him in.

Liam McArthur: I should probably declare an interest: I think that I am a lapsed member of Historic Scotland, but I will rectify that situation. When you have been round the historic sites in your constituency two or three times, the opportunity to go round again does not seem quite so attractive.

As in other parts of the country, the properties in my constituency are iconic and attract tourists, and, in that respect, the collaboration that the cabinet secretary mentioned between Historic Scotland and VisitScotland makes perfect sense. However, as I suspect might have happened elsewhere, there have been complaints in the past about Historic Scotland's collaboration with other key sites in a locality. I hope that the commitment to a collaborative approach extends more broadly and encourages an increase in footfall in and the number of visitors to not just Historic Scotland sites but various other sites, whether in Orkney or in any other part of the country.

Fiona Hyslop: You are absolutely right to highlight that very important point. Such an approach has already been taken to Fort George and Culloden but that kind of cross-promotion, cross-selling and discounting happens at other sites.

The real marketing opportunity lies not just in our national sense of place but in the promotion of more local visitor attractions, which would include not only historic buildings but cultural activity. Over the summer, I paid a fantastic visit to Dumfries and Galloway and saw how that part of the country has

been promoting its modern contemporary art and linking that to its more historic sites such as Whithorn. It is essential that we not only support what is happening in that area but find out whether such a good model can be applied elsewhere.

I also suggest that, if Mr McArthur has visited his 34 or so Historic Scotland properties only two or three times, he should go round them again; indeed, I can assure him that I have visited Linlithgow palace in my constituency more times than that.

Liam McArthur: As indeed have I.

I am encouraged by your remarks. In the past, tension has arisen because space constraints in Historic Scotland sites have restricted the amount of material on other sites that can be accommodated. Can you or Historic Scotland cascade to those who are locally responsible the message that their success will be judged not only on the numbers they are hitting but on the extent to which they are making local collaboration work?

Fiona Hyslop: I feel very strongly about this issue. As I have said, I am keen to see such collaboration. After all, it is not just about getting people to visit but about what collaboration can do for local businesses and tourism.

I am also keen to see more cultural performances in our venues, no matter whether they are Historic Scotland properties or some of our other museums across the country. Those are great spaces and how they are used is important. For example, they can host Burns nights; Linlithgow palace does a great trade in weddings; and a number of venues look at the corporate market. We should be thinking about how we can support local festivals and performances. Such activity is important for local businesses.

10:45

Last year's homecoming theme was food and drink, and we worked on promotion with lots of organisations, such as the National Trust for Scotland and Historic Scotland. There is a way to go on procurement issues, which I will address with VisitScotland and Historic Scotland, to ensure that we promote our product better. An awful lot more can be done.

I am keen to visit your constituency, to see what more can be done. I will be happy to take the message to Orkney, if you think that it needs to be heard there.

The Convener: I welcome the rise in income for Edinburgh castle, and I know that Orkney is a fantastic place to visit, because I have visited many times—more often than Liam McArthur, by the sound of it.

Given that we are plugging our areas, I will mention Dumbarton castle, in the west of Scotland, which perhaps does not get the promotion that other places do. Does the income generation strategy include some of Historic Scotland's less visited properties?

Fiona Hyslop: I do not have details on Dumbarton castle to hand, but Linda Ellison can tell you more.

Linda Ellison: A main way of generating income for castles such as Dumbarton is through membership, including family membership. That is where a lot of our income comes from. It makes sense for a family to pay a one-off fee for family membership, so that they can visit a property again and again without having to pay each time they access it.

We promote all our sites. We are trying to work much more with local authorities on a more strategic approach to managing tourism in their areas. We started with Orkney, where there is a huge opportunity from cruise ships and an opportunity to manage visitor flow around sites. We are looking at working with other local authorities to maximise the return that we get from visitors to the area.

We value all our sites equally, but some certainly generate more income for us than others do. Edinburgh castle, Stirling castle and Urquhart castle are our main income generators.

We value the contribution that we make to communities by employing people at iconic sites and using local suppliers, and we are thinking about the economic value of our activity, so that local authorities understand what we bring to the party.

Fiona Hyslop: It is about taking best practice from the most successful sites and extending it to other sites. I have never visited Dumbarton castle. Perhaps I am about to get an invitation.

The Convener: You anticipated my next comment. I am sure that an invitation will wing its way to you in the next few days. Dumbarton castle is a great site and many more people in Scotland should take the opportunity to visit it. I have done the plug now.

Historic Scotland's budget for staff seems to be dropping by around 13.6 per cent over four years. What does that mean in practice for Historic Scotland? What impact will there be?

Fiona Hyslop: The Government as a whole is taking an approach to staffing levels in which we very much acknowledge the value to the local and national economy of keeping people in jobs. Therefore, the policy of no compulsory redundancies that applies to the Scottish

Government also applies to agencies and organisations that we can influence.

At Historic Scotland, there will be no compulsory redundancies. Voluntary severance schemes have been and will be used to try to manage reductions—that is part of the organisation's efficiencies. Within the organisation, readjustment is taking place.

When I became the Minister for Culture and External Affairs almost two years ago, people raised quite considerable concerns about Historic Scotland and its reputation. Historic Scotland has reorganised and has a new chief executive, who has had a strong impact on turning the organisation around and making it an extremely effective organisation that collaborates better with other agencies, as I explained, and has management that makes it more effective in what it does. That has occurred with a position of no compulsory redundancies—not only that, but 30 apprentices will be employed in the heritage sector, as I said in my opening statement.

I understand that Historic Scotland is the largest employer of stonemasons in the United Kingdom, which is a strong position. Historic Scotland is shifting much of its focus to front-line activity and to the people in the heritage sector who provide services in all the sites that we have talked about.

I want to return to Parliament to discuss the climate change agenda in relation to existing buildings. New build and new housing are important to that agenda, but a lot of the Scottish Government's carbon emissions come from Historic Scotland's properties, and Historic Scotland is using its skills and experience to work extremely hard on that. It is refocusing a lot of its activity, which will benefit not just the organisation but the wider community.

Claire Baker: My question follows the convener's point. The cabinet secretary has described a positive future for Historic Scotland, which I very much hope will be realised. Much seems to be built on the perceived growth in Historic Scotland's activities and the projected increase in income. As well as showing staff costs reducing, the level 3 figures show that the capital budget will reduce to zero in 2014-15. Do the figures add up? A gap looks as if it will exist between the projected income and the cut that the organisation will experience.

Fiona Hyslop: On capital, we have just finished the fantastic refurbishment of the Stirling castle palace. That involved a large spend but has had an impact—I can tell people who have not visited it that it is fantastic. Funding to support the Bannockburn project and the national conservation centre does not come from the figures that we are discussing—it is listed

separately. A reduction in the capital budget is presented—in the context of a large reduction overall—but that will have no impact on the figures for those projects.

Public expenditure of taxpayers' money will be displaced and replaced by self-generated income. In difficult times, that should be welcome. I probably should not say that some of the income figures have been seen as conservative. We have been realistic about the taxpayers' money that we say can be replaced by income generation.

Linda Ellison: Capital spend is not such a huge issue for us at Historic Scotland, because our work on our scheduled monuments is treated as revenue, as they are heritage assets. Those assets are not in our accounts and are not valued in the same way as a modern building would be valued.

We are receiving specific capital funding for the Bannockburn project and the national conservation centre. The Bannockburn figure is in the budget; the national conservation centre will be funded from the young Scots fund, as the cabinet secretary announced today.

Fiona Hyslop: I clarify for the record that the young Scots fund will fund the national conservation centre, but the Bannockburn funding is in the level 3 figures.

Clare Adamson (Central Scotland) (SNP): You gave details on the reduction in the budget for the National Records of Scotland and you placed that in the context of the census cycle. Given the great success of Historic Scotland, will you comment on the opportunity for income generation for the National Records of Scotland?

Fiona Hyslop: The National Records of Scotland has successfully embarked on a lot of additional activity. We recently had a good debate in the Parliament on that. There is scope for more income generation in relation to access to records through the ScotlandsPlaces and ScotlandsPeople websites, although we must balance that with issues of access. The income generation that I would like for the National Records of Scotland is not necessarily for Edinburgh, although it is fantastic if people come here. The real ambition is to ensure that family centres throughout the country can access the databases. When visitors come from the United States or elsewhere, they may come to Edinburgh, but they may also want to pick up the records about their families in the places where their families lived. Again, that is about driving tourism to all the airts and pairts of Scotland, which I am keen to do.

Lessons can be learned from Historic Scotland on effective marketing presentation. There can also be collaborations. Yesterday, I had discussions with the chair and chief executive of

the National Library of Scotland about what it is doing. I am working to support the national collections and other organisations to maximise their income, because we are in difficult times.

In Scotland, there is an acceptance that culture is vital to our sense of identity and of who we are and there is support for cultural activity. However, when times are tough and we have the prospect of reducing health or school spending—the committee is about to have a session on higher education and colleges, for example—it can be difficult to justify spending on heritage and culture. Therefore, it is important that we provide the committee with evidence on what Historic Scotland and the National Records of Scotland have done and will continue to do, to show that they are working their hardest to promote income generation. The aim is to ensure that much of their funding comes from other sources, rather than their always being a drain on the public purse.

That is why I am continuing Arts & Business funding, because the further funding that can come from that is important. Through the own art scheme, we can try to pull in different funding. We need to be confident about what we do and promote it collectively. There is already a lot of sponsorship, but more can be done. However, sponsors will come only when a quality product is provided. What I can do for many of the agencies is protect their spending so that they continue to have top-quality performance to attract additional spending. That is an important message that applies to the National Records of Scotland and other organisations.

The Convener: The final question is from Jenny Marra.

Jenny Marra: It is on the young Scots fund. I understood from the SNP manifesto in May that the allocation under the fund would be £50 million. I am particularly interested in that because the manifesto promised that the money would be spent on the national football academy and indoor football centre, which I have been campaigning to bring to Dundee. However, the figures in the budget show that the young Scots fund stands at £25.4 million. You helpfully set out some of the other spending priorities for the fund, which include £5 million for a youth arts centre, and £3 million for a conservation centre. That brings the remaining total down to about £17 million. Will that full £17 million be spent on the national football academy and indoor football centre, or will there be the £50 million that was in the manifesto commitment?

Fiona Hyslop: Our commitment is to a £50 million young Scots fund. As you know, Shona Robison, as our sport minister, has been a key champion of football generally. I understand that she recently supported the Scotland football team

in Alicante. She has been a passionate supporter of the national football academy, the costs of which will be met from the young Scots fund. I set out the cultural priorities for the fund. The budget line for the fund is in my portfolio, but I assure the member that the full funding for the football academy will be provided from the young Scots fund, as set out in our manifesto. That commitment will be realised.

Jenny Marra: Great. If £25.4 million for the young Scots fund is set out in your budget, where is the other £24.6 million? Is that under Shona Robison's budget?

Fiona Hyslop: Our manifesto covers our five-year term. Currently, the committee is examining the budget for one year and has a spending review document that takes us up to 2014-15. The national football academy costs will be met, as set out in our manifesto commitment, and that will come from the young Scots fund. The fund covers not only the current spending review period, but the next one. We should remember that the five-year term of the Scottish National Party Government will cover two spending review periods.

Jenny Marra: For clarification, how much will be spent on the academy and indoor football centre?

Fiona Hyslop: The allocation to the national football academy is Shona Robison's responsibility. I am more than happy to ask her to provide information to the committee, although I am not sure that she reports to this committee—she probably reports to the Health and Sport Committee.

The Convener: I thank the cabinet secretary for giving us her time this morning, which we welcome.

11:00

Meeting suspended.

11:04

On resuming—

The Convener: I welcome our second panel of witnesses. Michael Russell, the Cabinet Secretary for Education and Lifelong Learning, is accompanied from the Scottish Government by Shirley Laing, the deputy director of the early years and social services workforce; Sarah Smith, the director of learning; and Andrew Scott, the director of employability. I also welcome Ken Macintosh MSP.

I invite the cabinet secretary to make an opening statement.

The Cabinet Secretary for Education and Lifelong Learning (Michael Russell): As everyone in this room knows and regrets, the Scottish budget faces substantial real-terms cuts in coming years. At the same time, the Government has an ambitious programme ahead to deliver the best outcomes for Scotland. My portfolio's budget sets out how we will deliver improved outcomes in a tough financial climate.

I have had to take some difficult financial decisions, which we will no doubt discuss today. In the education and lifelong learning portfolio, we have reduced college budgets, as well as having to face substantial reductions in the capital budget. However, we have also done some interesting and positive things. There will be a £50 million investment in an early years change fund over the next four years. We have made a deal with councils to maintain teacher numbers in line with pupil numbers. We will deliver 100,000 training places over the next year and a record number of 125,000 new start modern apprenticeships over the next five years. We have guaranteed a place in learning or training for every 16 to 19-year-old. We have restated our commitment to ensuring that there are no tuition fees for Scottish students and that university places for them are protected. We are also working towards a minimum income of at least £7,000 for the lowest-income students. Those are all considerable achievements at a time of restraint.

We know that the education and lifelong learning sector is a key driver of jobs and economic growth. The spending review reflects our commitment to enable children and young people to improve their life chances, reach their full potential and make the best possible contribution to Scotland's economy and the quality of life for all Scots.

We want our children to have the best start in life, so we have continued to prioritise spend in the early years. Preventative spend makes sense. For every pound that is invested, an eventual saving of £9 is generated for the taxpayer.

We are continuing to invest in curriculum for excellence, including investment in new qualifications, which is transforming school education and better preparing young people for life. We want to drive up attainment levels for all young people, to give them the best life chances. To do that, we need a high-quality workforce, so we are continuing to develop their skills.

We have agreed with the Convention of Scottish Local Authorities to maintain teacher numbers in line with pupil numbers.

Our plans to improve post-16 education will be supported by the opportunities for all initiative. We have guaranteed a place in education or training

for every 16 to 19-year-old who is not already in a job, an apprenticeship or education. Our announcement of record numbers of modern apprenticeships and 100,000 training places; our continued commitment to not introduce tuition fees; and our plans to work towards a minimum income for students of £7,000, starting with students on the lowest income, are all important parts of our determination to provide opportunities for all. Of course, we are consulting on a range of other issues.

We have protected the priority areas and have managed to fully fund our higher education sector. We have also protected our globally renowned research at our universities, so that they retain their competitiveness and reputation for being truly excellent in world terms.

Those are our achievements. Of course, there are difficulties. I am happy to discuss both areas with you today.

The Convener: Thank you for that statement. As we have no more than an hour for this discussion, I ask members of the committee and the cabinet secretary to be brief and to the point with their questions and answers.

Liz Smith: The Government has made a firm commitment to the 16 to 19-year-old group, and has promised that it will deliver far more than is currently on offer in that regard. That is obviously an extremely important part of the educational process. Will you explain why the cuts, particularly in the first year of the college budget, are so extensive, given that commitment?

Michael Russell: Two issues arise. The first is a negative issue that arises out of the extraordinary pressure on the Scottish budgets. There is a different way to do this. At the very least, there is full fiscal autonomy. Much better than that would be full independence, which would allow our resources to be applied to the issues that we need to address and which I would commend. All the discussions that we are having at the moment are being held in the context of the need for considerable reforms to budgeting for Scotland.

However, given those pressures, something has to give—that is the reality. I am happy to discuss, in the context of the figures that you have, any other options that you would like me to consider. I chose to take the option that you have mentioned after a lot of thought. Why did I choose that option? Because, to be blunt, I believe that there is a need to reform the college sector to produce better results. Our college sector has been largely unreformed since the early 1990s. It came into being as the result of a set of Thatcherite reforms. It has performed well but it can perform better. There are some key indications of that. Almost 30

per cent of young people do not complete their courses at colleges. That is an astonishingly poor performance, and we need to do something about that.

We have opportunities for synergy of activity. There is duplication of provision, and there are issues around governance. The whole area can be positively reformed. After a great deal of discussion with officials and within the sector, I believe that we should go that way. I would like to have been able to do more, but I could not. However, I think that the sector is up for the challenge—I am having that conversation with principals and the sector as a whole to ensure that we progress the issue.

Liz Smith: I do not think that anybody denies the pressure on colleges, and you are right that there must be some measure of reform. However, there are concerns—particularly from the college sector itself—that although you have a strong commitment to 16-to-19 education, and the driving principle is that something must be done for that group, you have cut the college budget severely in the first year. Many students do not always have the chance to attend college, which was an issue that the principal of John Wheatley College raised when he appeared before the committee not long ago. What was behind the decision to make that specific cut in the first year, which makes it very difficult for colleges?

Michael Russell: Let us be accurate in what we are talking about. Not all young people aged 16 to 19 go to college. The guarantee that we are making—which no previous Government has made—is resourced and delivered in a variety of ways: through modern apprenticeships and training places, through other training activity with employers, and in colleges and universities. There are a variety of drivers.

What are the challenges that face us with regard to the particular driver that you mention? First, there will be a drop in the college population. The target population of those aged 16 to 19 will fall by 9 per cent from 2011 to 2020, so there will be a decreasing pressure in terms of sheer numbers. Secondly, we need to rationalise provision for the labour market. Employers are telling us clearly that colleges must focus more on employability, and on skills in particular.

A valuable contribution can be made by those who are most distant from the labour market, and John Wheatley is a good college to mention in that regard. However, such provision does not come only from colleges: I have visited a variety of good projects throughout Scotland that are working with those people but are not college based. We must ensure that such work continues to happen.

We must tighten up our funding arrangements to make the best use of resource. I referred to the drop-out rate of almost 30 per cent, so there are some changes to be made there. The process of collaboration and growing together to provide more efficient delivery is well overdue in Scotland, and we must do far more in that regard.

We have staged our changes in a way that we think is affordable and achievable. It is important that we bring in the regionalisation agenda early on, and in the next few days we will publish a joint paper by the Government and the Scottish Further and Higher Education Funding Council, which will go into more detail on regionalisation and begin a dialogue with colleges about the detail of implementing the regional funding model. That dialogue will take place over the next few months, and at the end of the process the funding council will be able to publish indicative figures followed by final figures.

I have seen some of the coverage, including today's coverage—to which Liz Smith is no doubt referring—about what that might mean for college places. In my view, it is not possible—to be blunt—for colleges to make that assessment, because the final figures have not been negotiated and agreed. I have agreed to enter into a tripartite process of dialogue in which the funding council, the Government and the colleges will negotiate a way forward. I believe that the changes are achievable and that they need to be achieved.

Liz Smith: My challenge to you is not so much about the fact that there must be savings in the college sector. What I am intrigued by, and what colleges find difficult to understand, is why—given the priorities that you have firmly set out—you have hit colleges quite so hard in the first year at a time when they will have to make considerably important decisions. That is extremely difficult for them. Was your decision based on the feedback that you received from the college sector? Were colleges consulted on it?

Michael Russell: We are consulting at the moment—there is a paper out. We cannot consult before we consult. There have been substantial discussions so far, and there is a way forward for colleges to discuss the issue with us. The changes are hard, but they are achievable. The context is that next year's budget is subject to very savage—let us not be light about it—reductions in expenditure that are being forced on the Scottish Government from a Government south of the border with which Liz Smith is familiar.

In all those circumstances, these are decisions that require to be made and which are being made, and there is a positive way to take them forward. That is what I am trying to do.

11:15

Claire Baker: I wish to focus on places. The SNP manifesto in May said that college student numbers would be maintained and the First Minister has made the same assertion in Parliament. The cabinet secretary referred today to the paper from Scotland's Colleges, which discusses a 20,000 reduction in places; that is the figure that it is coming forward with. The spending review and draft budget states that the Government will maintain the number of core college and university places in the academic year 2011-12, but it does not give a commitment beyond that. Will there be a commitment beyond that?

Michael Russell: The commitment is crystal clear, because there is a guarantee: the opportunities for all guarantee. Every young person who requires an opportunity will have one. Of course, given that populations are falling, we will not provide too many places. I am sure that you would not encourage us to do that; it would be wasteful. However, there is a guarantee, which has never been made by any other Government, and it will be honoured.

I return to the figure of 20,000, because I would not want you to give currency to a figure that could not be justified. The 20,000 figure cannot be justified, because there is no agreement between the funding council, the Government or the colleges on the final allocations. The 20,000 figure is speculation and I will not get involved in speculation.

Claire Baker: I am sure that that will make for interesting discussions with Scotland's Colleges next week.

Michael Russell: I always have interesting and positive discussions with Scotland's Colleges.

Claire Baker: The places guarantee is only for young people, yet the SNP manifesto and the First Minister have not limited the commitment to young people; it was a commitment to maintain student numbers, regardless of which age group the students were in.

Michael Russell: We will ensure that there are places for all those who require and ask for them, in colleges and in universities. That is what we have said we will do.

To be fair, and to be blunt, I know that it is in your political interest constantly to chip away at the issue, but I do not think that anything could have been clearer than the First Minister's view and I do not think that anything can be clearer than my view: there will be the places and there is a guarantee.

One downside of this type of debate is the lack of confidence that can perhaps be seen in

yesterday's initial figures for applications to the Universities and Colleges Admissions Service. If there is constant negativity about what might be available, people get a bit concerned about it.

We need to honour the commitments that we make. We have done that year on year in our first term and we will continue to do. That should be the basis of our discussion.

Claire Baker: So there is no longer a guarantee to maintain student places, which is the National Union of Students Scotland's pledge that the Scottish Government signed up to.

Michael Russell: There is the guarantee that we have made. The First Minister has made the guarantee, the manifesto makes the guarantee and I make the guarantee. The words

"there is no longer a guarantee"

cannot be accurate.

Claire Baker: The SNP manifesto said that student numbers would be maintained, which assumes that you choose a starting point for the numbers being maintained and, over the course of the parliamentary session, you will maintain that number.

Michael Russell: The guarantee exists.

Claire Baker: You are now saying that you will provide what is needed. Provision will be demand led rather than maintained at a number.

Michael Russell: I am not going to say that we will provide places that nobody takes up, but let me be as clear as I possibly can. I think that I am being clear, but maybe I can be even clearer. For every young person who wants and requires a training place, an opportunity and beyond, for those who wish to go to college, places will be provided.

We honoured our commitment. We honoured our commitment this year—I am grateful to the colleges and universities for doing so—and we will go on honouring our commitment.

What we should be debating, to be blunt, is how we deliver the type of courses that we need to deliver. A constant debate about whether or not I am lying—because that is what Claire Baker is saying—will not get us anywhere and it may undermine confidence in our young people about what is available to them.

Claire Baker: I am not suggesting that you are lying; I am suggesting a shift in the position.

I was going to ask how places would be measured, but as we do not seem to be able to agree how many places we will try to measure, that question has become a bit redundant. There are issues around whether we will guarantee places by headcount, by weighted student units of

measurement, or by hours of activity. When we asked Mark Batho about that, he was unable to confirm which way the places would be counted.

Michael Russell: Mr Batho has replied to the committee. I have seen a letter to the committee in which he indicates that, because of a new funding methodology, particularly for colleges in terms of regionalisation, they will require to put into place a new method of assessment. He commits himself to that so, to be fair to the funding council, it will take place.

Claire Baker: My other question is about bursary support for college students. The budget says that the Scottish Government will maintain living-cost support for students in higher education. Will it do the same for further education students?

Michael Russell: Yes. We will continue to honour our commitments on bursaries. In each of the past four years, we have increased the funding mid-term—is that correct, Andrew?

Andrew Scott (Scottish Government): Yes we have.

Michael Russell: It is demand led. Although I can make no further such commitment here, I am constantly focused on ensuring that we support our young people. Good student support underpins people finishing their courses. That is also why the Government has maintained the education maintenance allowance, which has been abolished south of the border.

Claire Baker: The colleges are expressing concern that maintaining the budget for bursary support will lead to greater cuts in other budgets.

Michael Russell: We must constantly debate with the colleges the nature of their financing. In each of the two years for which I have been in the job, colleges have said at the start of the year, "It won't happen. We're looking for extra money." Yet, we have managed to ensure that that budget is resourced in the proper way and that is what we will continue to do. I do not think that it is an either/or situation.

Jenny Marra: Cabinet secretary, I am beginning to doubt your guarantees on the further education sector. You guaranteed that there would be no compulsory redundancies in the further education sector in your election manifesto, but you then told the committee that you had no power to influence the colleges because they were autonomous bodies. I hope that you can underline the guarantee on student places that you gave in response to Claire Baker's questions.

I have been told by college principals that the cuts to the college budgets are damaging not only to the college sector, but to the future of Scotland. Some college principals are doing their

calculations once they have sat down with the budgets. You talk about speculation and guesswork, but those people are working according to the draft budget that you have given them. The cuts mean a 40 per cent cut to their budget in real terms, so they cannot guarantee to honour your manifesto commitment to no compulsory redundancies or your manifesto commitment to student places. Given that the colleges cannot guarantee to honour your manifesto commitments, are you pressing your colleagues to look for other sources of funding for the college sector?

Michael Russell: Your argument is based on a false premise, so I am afraid that it falls completely. At no time did I guarantee that there would be no compulsory redundancies in colleges. I said that I wished to see no compulsory redundancies and I argued for that. The previous time that you raised the issue with me at the committee, you subsequently misrepresented the position that I took in a press release.

Let us be absolutely accurate about what we are talking about. I would like the colleges to have no compulsory redundancies—that is in my guidance to the funding council—but I cannot tell the colleges what to do. Why can I not tell them what to do? Because a previous Labour minister, Allan Wilson, took away my power of direction. I have no power of direction over the colleges. If Jenny Marra regrets that, she should regret the actions of the previous Labour Government rather than my actions. I do not want compulsory redundancies and I hope that they can be avoided. On the other hand, when I talk about the ability to be more directive in higher and further education, Jenny Marra is among the first people to attack me for that. There is an inconsistency in that.

I want to deliver the best that we can possibly deliver in further and higher education, just as I want to deliver it right across my portfolio. I am endeavouring to do so, and I would like to do so with the kind of constructive engagement that I heard Ken Macintosh arguing for yesterday morning in his radio interview on the leadership of the Labour Party. However, if there is not going to be that constructive engagement, I must simply refute assertions that are made that are not true, and Jenny Marra's assertions are not true.

Jenny Marra: I would like to go back to the SNP manifesto. If it was not true—

The Convener: We are trying to talk to the cabinet secretary about the budget rather than the SNP manifesto. I understand the relevance, but let us try to stick to the budget.

Jenny Marra: Okay. Thank you, convener.

Angus College announced last week that, under this settlement, it would lose 2,000 student places.

Why did the Government give a commitment to the Scottish people that student places would be guaranteed when, under the current settlement, Angus College is losing 2,000 places?

Michael Russell: Angus College asserted speculatively that that might be the case. A conversation needs to take place—as it will with every college—on the issue of regionalisation and the allocation of resources. That conversation has not yet taken place. To be blunt, Angus College cannot know that. The assertion was made in a letter to Richard Baker, but that does not make it any more true. The reality is that colleges cannot make such assertions until there has been a discussion with the funding council and ourselves on the regional model of provision—that is a fact.

Clare Adamson: The committee has had a lot of discussion about the possibility of Government interference in university mergers, yet it is now being asserted that the Government should be micromanaging what is happening in the colleges. Can the cabinet secretary please clarify the situation?

Michael Russell: I am not unused to inconsistency from the Opposition, but I think that it should be exposed when it exists and you are exposing it very clearly. I have no desire to micromanage in any part of the education sector. My desire is to do the best that I can in providing the resources to underpin it, in debating and discussing policy and in working with the education sector as it moves forward. Our education sector has a considerable record of achievement, especially under the SNP Government, and we can do more. If there is assertion after assertion, not backed by any final figures because the debate has not yet taken place, there is nothing that I can do about that. I have no doubt that the issue is already the subject of a press release. I cannot do much about that, but I am trying to do the best for Scottish education.

Joan McAlpine (South Scotland) (SNP): One of the most shocking figures that you mentioned earlier is the 30 per cent drop-out rate in colleges. Can you give us any detail about the courses that are failing students?

Michael Russell: It is not just individual courses that are failing students. The funding mechanism needs to incentivise colleges to encourage young people to stay the course. We talk about that in the post-16 paper and we are doing work on that. The best colleges know that that is an issue, but colleges are not homogeneous. It is important to realise that, just as universities are not homogeneous—there are different types of universities doing different things—different types of colleges are doing different things. Let us take Motherwell College, for example. A substantial

part of its work is higher education and it delivers a number of graduates. Other colleges—Liz Smith mentioned John Wheatley College—undertake very little higher education and do a lot more work with people who are distant from the labour market. The drop-out rate for those courses may well be higher simply because of the nature of the people who take them, and more may need to be done with them.

In general, we must ensure that, when public money is spent, it produces an outcome. A 30 per cent drop-out rate means that it is not producing an outcome—at least, not the outcome that we are paying for. In the circumstances, we must do more as part of our engagement. The post-16 paper talks extensively about the learner journey. There are a range of really important reforms that we are engaged with across further and higher education, as well as in the skills and training sector, which need a positive debate that can take us forward.

Marco Biagi: Let us return to the budget and its context. Can you outline the flexibility that you have within the budget at the moment? Every party made commitments to the universities, with a great deal of money being spent elsewhere. I am interested in hearing your thoughts on what scope there is within the budget as it currently stands.

Michael Russell: When the Government is operating to a fixed budget that is being reduced, an extraordinary pressure is automatically placed on it. Higher and further education in Scotland, including Skills Development Scotland and training activity, take up about £2.2 billion. The vast bulk of the education budget—about five and a bit billion pounds—goes directly to local authorities through the local government settlement. It is not subject to my decisions; it is part of the overall negotiations that take place between a number of spending ministers and COSLA. So, although the overall spend might be £8.5 billion, the flexibility within my budget is very much reduced—it is down to the money that goes directly from Government to the Scottish funding council and a range of other things, which are shown in the budget.

11:30

Clearly, if there is a squeeze, the parts that are directly involved—the local government decision is made separately—are likely to be more squeezed. That is a difficulty. I am sure that members have noted from their reading of the figures that there are some sums in the budget that I cannot touch; those are moneys that come directly from Westminster and which are devoted to, for example, the student loans issue. They appear in the budget, but I am unable to touch them. Actually, I think that it is extraordinary that a minister or cabinet secretary should be unable to touch moneys that are in their own budget, but

that is the system within which we work. So, yes, there is a difficulty.

The budget figures are very clear and they are available to every member of the committee. I have looked at them front-ways, back-ways, sideways and upside-down for the past three or four months for planning purposes, but if there are other ways of looking at them, I would welcome a contribution on that. If, instead of my intentions being called into doubt, there was a positive engagement on whether there are different priorities that we should set, we should of course have that debate. However, the budget summarises the priorities that I have come to in consultation with my colleagues for how we go forward.

Liam McArthur: On the issue of flexibility, I think that Marco Biagi's point is valid. Clearly, the budget is about choices. You have made choices on the commitments to a council tax freeze and to retaining Scottish Water in its present guise; other choices could release savings, and I suspect that we would be having a different discussion. Similarly, in terms of the Barnett consequential, I think that Liz Smith's question touched on the profiling issue. I do not think that anybody disputes the difficulty with the budget. However, on how the profiling impacts on the college sector, more can and should be done and I hope that you will engage constructively in that debate.

Michael Russell: As far as I am aware, Mr Swinney has said nothing about the use of Barnett consequential and I am therefore unable to say anything about it, either.

Liam McArthur: Indeed—that is helpful. I am sure that you will make the case internally around the Cabinet table.

On opportunities for all, I certainly would not encourage you to micromanage colleges. Nevertheless, you have made commitments on which colleges are being required to deliver. You are right in saying that the overall number of 16 to 19-year-olds is decreasing. However, the number of those not in education, employment or training is increasing. In that regard, the Scotland's Colleges written submission on the budget concludes:

"Our analysis indicates that if Scotland's colleges were to offer a full time national programme to only one in four of 16-19 year olds categorised as NEET ... colleges would not be able to continue to serve the 18-24 year olds to the same level, and there would be no funded places available to those over 24, who in 2009-10 made up more than half of students in Scotland's colleges."

I accept that there may be a debate to be had around the veracity of each individual figure that Scotland's Colleges has come up with, but nevertheless that is a stark position to adopt, particularly for those in the older age group; I think

that there is no dispute that they make up the largest part of those who are supported by colleges.

Michael Russell: It would be a stark position if the figures were true, but the assumption that all the courses for 16 to 19-year-olds would be full time is a fatal flaw.

Again, to respond positively to Mr McArthur, I start from the premise that in the best of all possible worlds we would of course make different decisions. The best of all possible worlds would include having full control of the Scottish budget and independence. However, that not being the case, hard decisions are required to be made. The reason for those decisions is that there is an opportunity for positive reform that will produce better results and produce in time a better outcome for substantial amounts of public spending. That is the process in which we are engaged, and we will take it through.

I can make no comment on the question of Barnett consequential or resources in that way, but I believe that what we propose is achievable. All Governments have expectations of those whom they fund—that is the nature of the relationship. In providing funding, there is an expectation that certain things will be delivered. I am confident, as always, that the further and higher education sectors will come up to the mark when required.

Liam McArthur: The budget scrutiny process involves our taking evidence from stakeholders regarding matching the budget against the commitments that ministers have given. Can you give a figure for the cost of delivering the opportunities for all commitment?

Michael Russell: Not as yet, but you are right to say that this budget should be scrutinised, and it will be scrutinised. I ask only that that scrutiny is fair-minded and accurate.

Liam McArthur: Part of the problem with the profiling is that some of the savings that are expected to be made are unlikely to be made for some time. You have talked about substantial efficiency savings that can be achieved through mergers, collaborations and regionalisations. Can you put even an estimated figure on that?

Michael Russell: It is quite right that we force the pace, but the bodies themselves will eventually have to make the decision.

Let us look at the City of Glasgow College, where the expectation was that it would cost a substantial sum. The college estimates that it has made a saving in the first year, and that is an important thing to do. I am keen to ensure maximum efficiency for money that is being spent when enormous pressure is being put on our

budget by a Liberal Democrat-Tory coalition. Those pressures are so great that we have to be able to do things in a different way, so growing together and collaboration are very important.

I am encouraged by much of that. For example, the rural colleges have decided to merge with the Scottish Agricultural College to produce a new dynamic, which will produce better services and uptake of a range of rural activities that I am sure Liam McArthur's constituency will welcome, but they will do so more efficiently. The pending merger in Edinburgh between Stevenson College and Jewel and Esk College would be enhanced if Telford College were to join it, and I encourage it to do so. That would also produce some positive outcomes.

However, merging is not an inevitability. Other colleges will see shared services as an important way forward. Regionalisation is a dynamic process under discussion. It will produce different results in different places and it will produce benefits.

Liam McArthur is absolutely right to say that we will have to keep a firm eye on those aims to see that they are achieved.

Liam McArthur: It is interesting that you talked about forcing the pace. There is no dispute about the need for structural reform within the sector; the issue is with the pace and extent of that reform. Mark Batho alluded to the potential destabilisation of individual colleges if mergers are not done sensitively. The City of Glasgow College has become a bit of a poster child for what can be achieved through merger, and no one disputes that savings can be made and that benefits to students and staff can be achieved. Nevertheless, each of the mergers—City of Glasgow University, University of the West of Scotland, Forth Valley College and, going back to 2004, Adam Smith College—has relied heavily on merger implementation funding. What in the current budget do you see as being equivalent to a merger implementation fund?

Michael Russell: There is no equivalent to that, because we are in very different times. We are in extraordinarily difficult times. I reject the political choices that your Government at Westminster has made to push its agenda too far and too fast. Having said that, we are in the unnatural situation of having to follow those budgetary pressures. We are in very different times and we have to do things differently. I am sure that each of the colleges and universities knows that.

Of course, we will talk about transition and part of that issue is dealt with in the paper on regionalisation that is to be published shortly. We have to get more for less. Regrettably, that is where we are. That is the position that you and your colleagues have put us in.

Liam McArthur: If it is all about political choices, you have made a number of those that come with a price tag, as I said earlier. I refer to the council tax freeze and the refusal to budge on the status of Scottish Water, which could release upwards of £1.5 billion of savings. I am sure that that would come in quite useful in the college sector.

Where are the savings that you expect to be made through restructuring likely to be made? How are colleges expected to deliver those savings when they cannot draw upon the sort of funding that has allowed mergers to take place in the past?

Michael Russell: I think that the convener is getting fed up with this, so it looks as though this will be our last exchange.

The political choices must at least include full fiscal autonomy and not just tinkering at the edges, as Liberal Democrats seem to wish to do. The reality of the savings will come bit by bit in each place in different ways. The City of Glasgow College shows that restructuring can be done, and there are other examples of it being done. We are absolutely determined to help the colleges to do so themselves. That is why the tripartite process that I mentioned earlier is so important. Restructuring will be a collaborative activity; we will all work well together to ensure that it happens. By all means, this committee's role is undoubtedly to scrutinise that and I hope that committee members will not think that their duty is to talk it down in the hope that it might not succeed.

The Convener: You read my mind, cabinet secretary. I remind members that we are not rerunning the election—on either side of the debate—but examining the budget.

Joan McAlpine: Cabinet secretary, you have clearly outlined the financial difficulties that you are facing but I wonder whether the budget will disadvantage a particular group disproportionately. When, before the recess, the college principals gave evidence to the committee, I asked them about the number of places for learning disabled students that had been cut the previous year and the fact that the number was considerably higher than that for other types of students. They generally agreed with my assertion. As the issue obviously has a big impact on the equality agenda, I wonder whether you can comment on it.

Michael Russell: I hope that during this process each college principal will look very closely at both demand and need. After all, that is their job. Most college principals will certainly admit—in private, if not in public—that there has been overprovision in some areas. I am not saying that that has happened in the area that you

highlight, but the fact is that in certain areas there has been double counting. We know, for example, that some school-college partnerships have been funded by education authorities and colleges and that, as a result, rationalisation has been necessary.

I expect that all college principals will want to ensure that those who are most in need will continue to be served and supported and I am quite sure that they will focus on that group in particular. No one is arguing that one or other group should be disadvantaged; in the settlement, there should be the ability to deliver for all those in need.

Given the lack of proportion that we have heard in some of the previous questions, I think that we should remember that the amount of money this Government is spending on further education has been higher in real terms than that spent by our predecessors. That is because we value higher education. We also have an accurate view of how much reform is needed and we are bringing forward this difficult process to ensure that we get even better results for every category of college goer, not just one. It should certainly not disadvantage those who are most in need.

Joan McAlpine: We are talking about quite a small group of students. The college principals and indeed Learning Disability Alliance Scotland have suggested that the focus on employability and outcomes might be affecting the number of places for these students and that you might be able to do something to clarify the situation.

Michael Russell: I am very happy to look at and work with the colleges on the issue. As I said earlier, some of the really good projects that I have seen have involved a range of young people, including those with learning disabilities who have been brought into the mainstream by this very exciting work. I want that work to continue and we will continue to resource it.

Ken Macintosh (Eastwood) (Lab): It is clear that despite the achievements of Governments of all parties over the past decade we have not widened access as much as our country would wish. How will the 20 per cent cut in college budgets improve the situation?

Michael Russell: Clearly it will not. What we have to do is to ensure that we get more for less. If I may say so, I am familiar with that type of trick question from the member. In widening access, I want to continue the progress that has been made over the past decade. It has been slow and I want to speed things up. As I have made absolutely clear, I want to find ways of legislating on widening access, particularly in the higher education sector. Indeed, in my response to Joan McAlpine, I made it clear that I want to redouble our efforts with

regard to certain vulnerable and hard-to-reach groups. However, I think that this Government has a reasonable record in widening access and it will continue to focus on the issue and try to make it work.

Ken Macintosh: Does the cabinet secretary not accept that in areas of economic deprivation students are more likely to go to colleges than universities and that, as a result, cutting college budgets is likely to have a disproportionate effect on the poorest areas?

Michael Russell: No, I do not accept that. I have indicated that what we need to do is to focus our work on better results and to be more effective with our spending.

11:45

Ken Macintosh: Colleges have also taken the decision because of the Government's budget decisions to cut the number of hours that are available to students from 21 or 22 to 16. What effect will that have on the student experience?

Michael Russell: Actually, that is not entirely accurate. It was rather curious to see a front-page story on the matter in a Scottish newspaper, considering that it related to my letter of guidance to the Scottish funding council last year rather than this year. What happened was that, at the colleges' request, I gave some flexibility in terms of the numbers of hours for courses. Why did I do that? Because the colleges were asking for it, and because they felt that they could perhaps deliver better education in that way, by having more concentrated work. I thought that it was a reasonable thing to do and I did it. Not a single college, I think, has complained about it in any way. There seems to be a slightly manufactured storm. No cutting of hours for courses is being forced on people, yet that is the implication. The request came from colleges. In some circumstances, it will lead to more efficient and effective delivery and there is no evidence at all of educational detriment.

Ken Macintosh: Is the minister saying that he would not mind if there was a permanent cut?

Michael Russell: The cut takes place as colleges require and as they think it is useful for the better delivery of services. I return to the point that there is no evidence of educational detriment, and the outcome is the one that I have mentioned.

Ken Macintosh: A cut from 21 hours to 16 hours represents no detriment.

Michael Russell: There is no evidence of educational detriment. If Mr Macintosh wishes to bring me such evidence, I will look at it, but there is no such evidence.

Ken Macintosh: My final question is on class sizes. The plan to reduce class sizes in primaries 1 to 3 was the flagship commitment of the previous Administration, but with the commitment to tie teacher numbers to pupil numbers, little or no progress can be made. What is the minister's policy on class sizes?

Michael Russell: We have made pretty good progress in very difficult circumstances. It is interesting that we are now rerunning not the last manifesto but the one before that. I see that it is back to the future for the Scottish Labour Party.

What we are trying to do, in very difficult times, is to continue at least to maintain the progress that we have made. I make a genuine and serious response. We are trying to maintain the progress that we have made. That can best be done by maintaining the pupil teacher ratio, and that is what we are now endeavouring to do. In doing so, we are also addressing another issue that Mr Macintosh has addressed again and again in the chamber and in committee, which is teacher employment. I think that we have now turned a corner in that the figures have been improving month on month. We have the lowest level of teacher unemployment and the highest level of teacher employment in these islands.

We are moving forward on a good, sensible next step. I would love to continue to reduce class sizes so that every P1 to P3 class in Scotland had 18 pupils or below, but that is not feasible within the present financial settlement that I have from the United Kingdom Government. If Scotland was operating in a normal fiscal circumstance—if it was raising and spending its own money—we could do more, but what we have is a reasonable position. I would call it a base camp rather than the end of the route, and I hope to continue to make progress at some future date.

Marco Biagi: I am glad that Ken Macintosh mentioned widening access, because I want to talk about that in relation to the budget. I take the view that it does not matter where someone comes from; someone from the poorest area should be just as likely to go to university as someone from another area. In that respect, I welcome the lack of £9,000-a-year tuition fees in the spending plans for the coming four years.

One of the major policies that stakeholders—particularly the National Union of Students—have called for in the area of widening access is the £7,000-a-year minimum income. I see that there is a commitment to that in the budget documents. There are a few things about that and the 65 per cent increase on which I would like to probe you. First, in which year do you expect the £7,000-a-year minimum income to be realised? That is not entirely clear in the document. Secondly, what proportion of the 65 per cent increase is likely to

go to the minimum income? It seems that there is a chance to address some historical problems with student support, because the average student is no longer an 18-year-old school leaver who is going into a full-time first undergraduate course.

Michael Russell: We will realise it during this spending review period. I am pretty sure about that, but I cannot be more specific because administration issues are involved. You will have noticed that the figures for the Student Awards Agency show a slight increase for administration activity. The Student Awards Agency has to be geared up in order to do something very different from what it is doing at present.

I want to negotiate—especially with the NUS—on how we go about things. Discussions are well under way and a good debate is going on about how this should work. Equity issues arise—relating to the people to whom the measures apply; and wider issues arise to do with the complexity of the present student support package and how it should be changed. Discussions are under way, and the commitment is there. Things will happen within this spending review period, but the ability within the Student Awards Agency has to be strong and firm.

All those factors are now in play. I would hope that I would be able to tell you a start date within a reasonable time. The start date will have to be the start of an academic year, so clearly it cannot now be the start of the academic year 2012-13. The earliest it could be is the start of the academic year 2013-14. We will keep working on that.

Marco Biagi: Considering the increase in the budget line and the amount that would be required to deliver a minimum income guarantee, would it be fair to say that part-time students, mature students or students who are going abroad might well be in line for some additional funding?

Michael Russell: The post-16 paper raises these issues. We will have to consider seriously what support we can give to part-time students, who have a difficulty. I hope that the outcome of the paper will allow us to make progress. We have to consider the present financial squeeze, but of course the issue is in my mind.

Incidentally, we are the only part of these islands that makes any significant contribution—and it is not by any means universal—to funding post-graduate work, for example. That does not exist elsewhere, but we put a small, but useful, amount, into that.

Marco Biagi: The line for higher education bursary grant support seems to be going down, which contrasts with everything else going up. Could you explain that?

Michael Russell: That sounds like something that Dr Scott might know about, so he will no doubt explain it.

Andrew Scott: Might you give me a moment to find the relevant point?

Michael Russell: Which page was it?

Marco Biagi: I do not have a page reference on my brief.

Andrew Scott: Are you asking about university and college international activity?

Marco Biagi: The figure given for the budget line “Student Support and Tuition Fee Payments” will fall from £329 million to £307 million.

Andrew Scott: Would you like me to write to you to clarify?

The Convener: It is on page 113 of the draft budget, if that is any help. Table 9.07.

Michael Russell: Which line?

The Convener: The very first one, “Student Support and Tuition Fee Payments”.

Michael Russell: Oh. £329,400,000 to £325,900,000?

The Convener: No, to £307 million.

Michael Russell: I think the reduction is due to a move from bursaries to loans, but we will write to you with more detail.

The Convener: That would be helpful.

Liam McArthur: I would like to pick up on a point that I raised with the colleges during recess on funding for part-time students. Concern was expressed, specifically by the Open University, about the move towards a regional coherence agenda and how that funding would be retained in the new structure. There have been discussions with officials but it would be helpful to hear how the matter will be resolved.

Michael Russell: I met the UK director of the OU some weeks ago and I have constant dialogue with the Scottish director. We are determined to ensure that part-time students are not adversely affected. The directors are now engaged in discussions on how that will be done. I accept that there is an issue to be addressed. They also have some very interesting ideas about how they could encourage further part-time study. I am always keen to listen to them.

Claire Baker: Can I ask one question about bursaries or do we have to move on?

The Convener: We are very tight for time. You can ask it if it is quick.

Claire Baker: The budget commits to maintaining living costs support in the current

year. Will students experience a real-terms decrease in living costs support over the spending review period?

Michael Russell: That will depend very much on two factors—the general financial climate and what we can continue to do through mid-year adjustments. I hope that a decrease will not occur, but we will need to keep looking at that. Alas, the reality of the situation is the unnatural financial settlement under which we are working. I would like to do even more, but that is difficult while we are still part of the United Kingdom.

Clare Adamson: It is true that the higher education sector has welcomed the generous settlement in the budget. Will you comment on the level of tuition fees and of efficiencies—the two mechanisms by which the sector should meet its funding requirements?

Michael Russell: It is important to move on to the next stage with higher education. In the past 18 months, a huge debate has taken place about how higher education should be resourced. By and large, we have a consensus in Scotland on basing access to education on the ability to learn and not on the ability to pay—I hope that we still have that consensus, although I am not entirely sure what the Labour Party's position is. The higher education sector, however, needs and wants to address a range of other issues. On Friday, I addressed a Universities Scotland fringe meeting at the SNP conference in Inverness, at which we discussed such matters in interesting detail.

Universities must achieve their efficiency savings, and they have a good efficiencies task group that is doing well. I am disappointed in the attitude of one or two universities to rest-of-the-UK fees; universities needed to show restraint—the First Minister has said that, too. By and large, universities have accepted that fees are not the most desirable option, although we must introduce them—if we did not, the first-year cost would be £36.5 million, which is clearly unfeasible within our restricted budget from the UK Government. However, universities can use other means to raise money, and some do particularly well at that.

We must recognise universities' different natures. About 30 per cent of costs at the University of St Andrews and the University of Edinburgh are funded from Scottish students and from the money that we spend, whereas that figure is about 80 per cent at the University of the West of Scotland. Different types of thing are being done.

I am glad that we are now talking about progression, the learner journey, governance and access. We need to engage on those issues to continue to build and develop our world-class

university system. Let us not forget—I am always delighted to put it on the record, if the convener will allow me to—that Scotland has more world-class higher education institutions per head of population than any other nation on the planet. That has not happened by accident and we will ensure that that situation continues.

The Convener: That point is certainly worth putting on the record.

I will move us on and away from—

Claire Baker: Can I just ask a question about the funding gap?

The Convener: We really have no time. We will gather further questions at the end of the meeting and write to the cabinet secretary with them, if he does not mind.

Michael Russell: The question is easy to deal with—there is no funding gap.

The Convener: If Claire Baker has a specific question, I am happy for it to be included in any questions that we ask the cabinet secretary in writing, because we will not get through all the questions that we agreed to cover today.

We will move on to early years and preventative spend.

Jenny Marra: I am glad to ask a question about early years, because we all agree that investment in early years is transformational for many children, especially in deprived communities. I am concerned about such investment, especially because it was reported last weekend that attainment and access to higher education are still scarred by inequality. The proportion of young people who are not in education, employment or training has risen sharply since your Government took power in 2007, and university participation by pupils of some schools in deprived areas has decreased. Those people rely on colleges, whose budget you have just slashed. Is your spending review investment in early years enough to turn around the situation on your watch?

12:00

Michael Russell: For a moment, I was optimistic that we would find common ground, but Jenny Marra has an incredible knack of starting well and finishing badly.

Let us deal with facts. The disappointment about achievement on access is shared across the Parliament. We have not gone as far or as fast as we should have. The failures lie more in the previous Administration's years than in our years, but we have all not done quite as well as we could. That is why I am talking about legislating on access—which would be the first time that that has been done. We could also do other things.

However, what counts is ambition. We need an education system that inculcates ambition in young people and I am quite sure that we will do so from the very earliest years with our early years funding—which, it is important to note, has been increased. We also need an ambitious education system to produce ambitious young people who are open to the world. Some of our innovations in the curriculum will undoubtedly help in that respect. For example, I am sure that Scottish studies will allow young people to place themselves and their ambitions in the context of Scotland and the world and will make them want to go on and do even more. I am confident that what we are doing for the early years, what we are doing through curriculum for excellence and what is happening in colleges and universities are all positive and that we will increase access bit by bit.

Of course, this is a worldwide problem. In the United States, it has been addressed quite effectively through KIPP—knowledge is power programme—schools and we will also learn from what else is happening elsewhere. We could do it really well if everyone in the chamber did it together, but if that is not going to happen, the Government will do it anyway.

Jenny Marra: I will be happy to see legislation on widening access. Will it include targets?

Michael Russell: It could do. If you make a submission on why you think targets are a good idea, I will read it with great interest.

Claire Baker: On the budget lines on youth employability and skills, the committee received the level 4 figures only yesterday and has just started to consider them in more detail. Although the Government has made a clear commitment to 16 to 19-year-olds, the employability for young people budget is being reduced from £2.8 million to £1.8 million for the delivery of plus-16 learning choices. Last year, there was £4 million for activity agreement pilots; this year, another £4 million has been allocated. Is that funding for a national roll-out of the initiative or is it simply for a continuation of the pilots? Are you concerned that the budget reductions will make it more difficult for the Scottish Government to address youth unemployment?

Michael Russell: An allocation of £4 million both last year and this year is not a reduction; it is a stand-still budget.

Claire Baker: But are you trying to get more for less?

Michael Russell: I would like to do more. The activity agreements have certainly been an outstanding success. We could of course do far better if we were managing all our resources ourselves but in the context of a very bad financial

settlement from Westminster I believe that it is important to maintain those agreements.

Claire Baker: But does the—

Michael Russell: Please allow me to finish. You also asked about the more choices, more chances budget, which supports plus-16 learning choices and the senior phase of CFE. The reduction reflects the reduction in costs associated with rolling out the programme. As we are making considerable progress in this area, we do not need to maintain the same level of funding for it and can reduce it. It shows a move from building capacity, which is how the early costs were incurred, to front-line provision and indicates that we are doing well in that respect.

Claire Baker: Just for clarification, last year's £4 million allocation for activity agreements funded 10 pilots. Is this year's £4 million allocation for a national roll-out or is it simply to continue the pilots?

Michael Russell: It will allow the continuation of the work that is taking place.

Claire Baker: Skills Development Scotland's budget has also been cut. As I have said, we received the level 4 figures only yesterday but there still seems to be a lack of detail on the impact of that reduction on Skills Development Scotland's ability to deliver modern apprenticeships. How will SDS manage that cut?

Michael Russell: Please give me a second to look for that particular budget line—I have a lot of paper in front of me. *[Interruption.]* As with all public sector budgets, this particular budget is subject to efficiency and effective delivery savings, which are negotiated with the organisation. As a result, this has all come together as a result of discussion.

It is fairly important to note that, last year, we added £11.5 million to the budget for modern apprenticeships and EMA and that we have continued that. National training programmes are the priority in the budget and we are debating our other strategic priorities, of which there are a number. We are committed to the numbers that we have got and opportunities for all, both of which are entirely deliverable. I am confident that SDS will deliver what it says it can deliver within the budget that it has been allocated.

The Convener: I know that we are rapidly coming to the end of our time this morning, cabinet secretary. I ask Liam McArthur to finish off the questioning, on curriculum for excellence qualifications. As I said, it would be helpful if we could write to you with many of the detailed questions that we have not had time to ask.

Liam McArthur: The new national 4 and 5 qualifications are due to start in 2013. Last year's

budget provided £13 million for qualifications, assessment and skills to fund a

“range of development work for the new national qualifications and curriculum for excellence”.

The committee would appreciate reassurance on how the budget that has been set aside can take on the not inconsiderable task that still lies ahead.

Michael Russell: There has actually been an increase in resource for that. For example, assessment and qualifications resource has gone up by £2.5 million. Where development costs have increased, resource has increased. I am determined that we will deliver curriculum for excellence as well as we possibly can. We have said that we have to finish the job and we will finish the job.

Another interesting aspect is the huge contribution that is being made by young teachers coming through. Now that we are getting employment into balance, that is also very important for us. Indeed, the budget earmarks some resource to increase the number of teachers in training. We will make a final decision once we see the workforce figures at the end of the year and once the workforce planning group has considered them. There is potential within the budget to increase the number of teachers coming through. That must be good news.

Liam McArthur: Are you fairly confident that you have anticipated the costs accurately, so that there are not any unknown unknowns? Is there headroom within the budget should potential problems arise closer to the time?

Michael Russell: I had never thought of you as the Donald Rumsfeld of the Scottish Parliament but, by definition, you can never tell whether there are unknown unknowns. However, by negotiation and discussion, we come to a conclusion about the resource that we think is required.

Of course, mid-year budget adjustments are made every year and, were there to be requirements for adjustments to the budget this mid-year, I would regard finishing the job that we have to do on curriculum for excellence as a priority.

You will recall that, in March last year, I announced a programme of activity to support curriculum for excellence and, indeed, in September this year—just last month, at the learning festival—I announced another programme. I am trying constantly to assess curriculum for excellence and work out what we need to do if additional work is required.

Liam McArthur: You will be aware that some of the teaching unions are still advocating a delay. Although I certainly would not subscribe to that view, it suggests that there are serious concerns

about some aspects of curriculum for excellence within certain elements of the profession.

Michael Russell: To be fair, the Educational Institute of Scotland's position is that it still wants to see a one-year delay in the examinations, but the management board has been clear that it does not want that to happen. The management board has put some special arrangements in place to support schools and individual departments in schools, were any of those to believe that a delay were necessary. Importantly, we have been more and more focused on places where there are issues with curriculum for excellence. That has come about because of the development of the programme. When those places are identified, we provide support.

The Convener: Time has run away with us as usual. I thank both the cabinet secretary and his officials for their attendance.

As the committee agreed earlier to hold the next two agenda items in private, I close the meeting to the public.

12:08

Meeting continued in private until 12:46.

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