

Education, Children and Young People Committee
Wednesday 21 January 2026
3rd Meeting, 2026 (Session 6)

Budget 2026-27

Introduction

1. The Committee is continuing its scrutiny of the Scottish Government's budget for education and skills.
2. The Committee agreed to focus its pre-budget scrutiny on college and university funding, building on its [pre-budget scrutiny for 2025-26](#), looking at the financial sustainability of Scotland's colleges and universities.
3. The Committee took evidence from:
 - university principals and Universities Scotland at its meeting on [4 June 2025](#)
 - college principals and Colleges Scotland on [18 June 2025](#)
 - the Scottish Funding Council on [1 October 2025](#).
4. The Committee then took evidence from the Minister for Higher and Further Education on [1 October 2025](#).
5. The Committee sent its [pre-budget scrutiny letter](#) to the Minister for Higher and Further Education on 14 November 2025.

Committee meeting

6. At its meeting today, the Committee will take evidence on the Budget 2026-27 from Jenny Gilruth MSP, Cabinet Secretary for Education and Skills; Natalie Don-Innes MSP, Minister for Children, Young People and The Promise; and Ben Macpherson MSP, Minister for Higher and Further Education.
7. The Cabinet Secretary and Ministers will be supported during the session by Scottish Government officials—
 - Clare Hicks – Director for Education Reform
 - Alison Taylor – Director for Learning
 - Shirley Laing – Director for Lifelong Learning and Skills
 - Andrew Watson – Director for Children and Families

Supporting information

8. A SPICe briefing has been prepared for this meeting. This is included at **Annexe A**.

Committee clerks, January 2026

Annexe A

Scottish Budget 2026-27

Introduction

The Scottish Government introduced the [Budget for 2026-27 on 13 January 2026](#). This paper is intended to support the Committee's scrutiny of the budget, and the Committee will be taking evidence from the Cabinet Secretary for Education and Skills alongside her two junior ministers.

Background

The Committee's focus in its prebudget work was on the funding for colleges and universities. The [Committee wrote to the Minister for Higher and Further Education on 14 November 2025 setting out its views](#). The Scottish Government published [brief responses to all of the subject Committee pre-budget letters or reports alongside the budget](#). At the time of writing, the Committee had not received a more fulsome response.

The Medium-Term Financial Strategy, published in June 2025, [set out the challenging fiscal context for the Scottish Budget](#). Taking current spending plans, the Scottish Government faced a £963 million shortfall in resource funding and £1.07 billion in capital. Some of this pressure was eased before the Cabinet Secretary gave her statement however, as the [UK Budget in November 2025 resulted in Barnett consequentials of £330 million](#), while the [fiscal framework outturn report noted that a positive reconciliation of £361.5 million would be applied to the Scottish Budget for 2026-27](#). In addition, planned expenditure of £126 million to mitigate the two-child cap would no longer be required, which the Scottish Government pledged to redeploy to reduce child poverty.

As with last year, the Scottish Government has opted to present the Budget using the 2025-26 Autumn Budget Revision (ABR) as a baseline. While some of these changes reflect evolving priorities, or additional resources becoming available, some of the significant transfers occur routinely each year. This is the case in the education portfolio, where significant funds are transferred to local government and others in year. This means that the ABR figures are often not a sensible baseline to track spending year on year in this portfolio. Data in this paper is presented with the budget for 2024-25, the budget for 2025-26, the 2025-26 ABR and the 2026-27 budget. Comparisons are made budget to budget, but the ABR figures are included for completeness.

Overall, the resource budget in 2026-27 for the Education and Skills Portfolio is £3,102m. The Scottish Government ([Table A.09](#)) reports that this is a 3.0% increase in cash terms and 0.8% increase in real terms compared to the 2025-26 Budget. The capital budget for 2026-27 is £465m.

The Scottish Government also published its first spending review since 2022. This Spending Review document provides some detail on portfolio resource allocations

over the next three years, and capital over the next four years. The level of detail provided varies by portfolio – some are down to level 4 including health and social care, local government plans are provided to level 3, while others only show level 2 such as Education and Transport. The spending review is discussed further in Annex A of this paper.

Further and Higher Education

Funding for further and higher education is provided to colleges and universities by the Scottish Funding Council with funding provided by the Scottish Government. Fundable institutions receive funding in return for meeting conditions of grant as set out by SFC. The Scottish Government's '[Purpose and Principles for Post-School Education](#)' framework is intended to set the policy direction.

The principles of the post-school system are:

- **Transparent, Resilient and Trusted:** The system is financially and environmentally resilient; trusted to deliver and effectively governed.
- **High Quality:** High quality opportunities are available for people to enhance their knowledge and skills at the time and place that is right for them.
- **Supportive and Equitable:** People are supported throughout their learning journey, particularly those who need it most.
- **Globally Respected:** Research, teaching, innovation and knowledge exchange undertaken by Scotland must enhance and contribute to global wellbeing, addressing challenges such as the climate emergency and attracting inward investment and talent to study, live and work in Scotland.
- **Agile and Responsive:** Everybody in the system collaborates to deliver in the best interests of Scotland's wellbeing economy.

The [Tertiary Education and Training \(Funding and Governance\) \(Scotland\) Bill](#), currently at Stage 3 in Parliament at the time of writing, contains provisions to strengthen the existing functions and governance arrangements of the Scottish Funding Council (SFC). The Bill also gives the SFC new functions in relation to securing and funding delivery of national training programmes, apprenticeships and work-based learning and places a new duty on the SFC to monitor the financial sustainability of post-school institutions.

During the Committee's scrutiny of the Bill, concerns were raised about the post-school education sector's ability to implement the proposed changes at a time of financial uncertainty. Further information about the Committee's report and the Scottish Government's response can be [found on the SPICe briefing hub](#).

In response to concerns about funding sustainability of the university sector, the [Scottish Government launched the 'Framework for Sustainability and Success of Scotland's Universities'](#) in December 2025. This is described as a "collaborative project between the Scottish Government, Universities Scotland and other relevant stakeholders to co-design and secure a successful and sustainable future for Scotland's university sector." The [group is expected to conclude its work in the autumn](#), with recommendations expected to be considered by the next Scottish Government.

Ahead of the Stage 3 on the Bill, the Scottish Government [announced in a written answer](#) that from April 2027, colleges and universities would be expected to adopt all Fair Work First criteria as a condition of SFC grant.

Pre-budget scrutiny 2026-27

The Committee's [pre-budget scrutiny work for 2026-27](#) focused on college and university funding, building on previous work looking at the same areas in 2025-26. As part of this work, the Committee heard evidence on the financial situation at the University of Dundee (UoD).

[In a letter to the Minister](#) ahead of the 2026-27 Budget announcement, the Committee expressed continued concern about the financial sustainability of both sectors.

On colleges, the Committee highlighted concerns about the impact of a real-terms decline in college funding on sustainability of colleges, rising staffing costs within the sector, falling cash reserves, unmet employer and learner demand. The Committee's recommendations included calls for a review of the funding model and measures to address unmet demand.

Following the Committee's report, [an amendment to the Tertiary Education and Training \(Funding and Governance\) \(Scotland\) Bill was agreed to](#) introducing a requirement for Ministers to carry out a review of the credit-based funding model used by SFC.

The Committee also highlighted concerns around the funding sustainability of universities, with a heavy reliance on international student income, rising staff costs in part due to a rise in employer National Insurance contributions, and capital maintenance backlogs. The Committee recommendations included a call for university senior management teams to exercise pay restraint, and for a new funding model be developed for the university sector.

The Committee also heard evidence about the financial situation at UoD and committed to continue to monitor the situation, including in relation to the unprecedented use of powers under section 25 of the Further and Higher Education (Scotland) Act 2005 to direct SFC to provide UoD with additional funding, subject to conditions. Up to £62m has been made available to UoD.

Further and Higher Education: Scottish budget 2026-27

The Scottish Government's 2026-27 Budget document states:

At a critical time for both sectors, this budget delivers a significant real terms increase in our investment in Scotland's College and University sectors so that people of all ages have the opportunity to fulfil their potential. We will continue to work closely with both colleges and universities as they design and deliver the vital reforms needed to meet learner and business needs now and well into the future.

Scotland's colleges will see a combined increase of £70 million in resource and capital funding, equivalent to a 10 per cent uplift on last year's budget. This is an opportunity for the sector to demonstrate how they can come together to help people all across Scotland to fulfil their potential, and ensure that Scotland's workforce needs are met. – [Scottish Government Budget 2026-27](#)

Table 1 below sets out the total Scottish Funding Council (SFC) budget announced for 2026-27, alongside the 2025-26 Autumn Budget Review (ABR) figure and the 2025-26 budget as published. **The percentage change figure is provided by comparing the 2026-27 Budget figure with the 2025-26 Budget figure.**

Table 1: Scottish Funding Council total budget (Level 3)

	2025-26 Scottish Budget £m	2025-26 ABR £m	2026-27 Scottish Budget £m	Difference 2026-27 Budget and 2025-26 Budget £m	% Change 2026-27 Budget on 2025-26 Budget
Scottish Funding Council Administration	8.7	13.6	8.0	-0.7	-8%
College Operational Expenditure	846.2 849.7	852.1	911.1	61.4	7.2%
College Operational Income	(190.0)	(190.0)	(190.0)	0	0%
Net College Resource	656.2 659.7	662.1	721.1	61.4	9.3%
Colleges - Public Private Partnerships – Infrastructure Investment	31.6	31.6	32.6	1	3.2%
College Depreciation Costs	35.6	35.6	35.6	0	0%
Higher Education Resource*	773.6	828.8	818.6	45.0	5.8%
College Capital Expenditure	64.8	49.9	43.8	-21.0	-32.4%
College Capital Receipts	-	-	-	-	-
Net College Capital	64.8	49.9	43.8	-21.0	-32.4%
Higher Education Capital	368.3	378.3	398.6	30.3	8.2%
Higher Education Financial Transactions	-	-	-	-	-
Higher Education Financial Transactions Income	(12.2)	(12.2)	(11.5)	0.7	-5.7%
Total Scottish Funding Council	1,926.6 1,930.1	1,987.7	2,046.7	116.6	6.0%

Sources: [Scottish Budget 2026-27](#), [Scottish Budget 2025-26](#) and SPICe correspondence with Scottish Government officials.

Notes: In 2025-26, further funding was later added to the college resource budget and college operational expenditure budget lines. The figures initially allocated on publication of the 2025-26 Scottish Budget are shown in italics in the 2025-26 Budget column.

* Higher Education received in-year funding for specific programmes. This means the figures for the ABR 2025-26 and 2026-27 budget are not directly comparable.

Colleges: Scottish Budget 2026-27

Table 2: College Resource and Capital Budgets (Level 3)

	2024-25 Scottish Budget £m	2025-26 Scottish Budget £m	2025-26 ABR £m	2026-27 Scottish Budget £m	Difference 2026-27 Budget and 2025-26 Budget £m	% Change 2026-27 Budget on 2025-26 Budget
Net College Resource	643.0	(656.2) 659.7	662.1	721.1	61.4m	9.3%
Net College Capital	84.9	64.8	49.9	43.8	-21.0m	-32.4%
Total	727.9	724.5	712.0	764.9	40.4m	5.6%

Sources: [Scottish Budget 2026-27](#), [Scottish Budget 2025-26](#) and SPICe correspondence with Scottish Government officials.

Note: In 2025-26, [£3.5m funding was later added to the college resource budget](#). The figure initially allocated on publication of the 2025-26 Scottish Budget is shown in brackets.

Table 2 above sets out an overall increase of 5.6% in college resource and capital budgets combined.

Delivering the Budget 2026-27 statement in Parliament, Finance Secretary Shona Robison MSP stated:

“...the college sector...will see a substantial 10 per cent increase in funding—that is £70 million extra this year.” – [Official Report, 13/01/2026](#)

As it is unclear from the tables contained in the 2026-27 Budget documents how the £70m figure was arrived at, SPICe contacted the Scottish Government for further information. The Scottish Government responded with figures replicated in **Table 3**.

Table 3: College funding – Dunfermline Learning Campus funding removed from core capital

	2025-26 Budget			2026-27 Budget			Change 2025-26 to 2026-27		
	Resource £m	Capital £m	Total £m	Resource £m	Capital £m	Total £m	Resource £m	Capital £m	Total £m
College funding – core	659.7	34.5	694.2	721.1	42.7	763.8	61.4 (9.3%)	8.2 (23.8%)	69.6 (10%)
College funding: Dunfermline Learning Campus		30.3	30.3		1.1	1.1		29.2 (-96.4%)	29.2 (-96.4%)
College Public Private Partnerships – Infrastructure investment	31.6		31.6	32.6		32.6	0.9 (3%)		0.9 (3%)

Source: Scottish Government correspondence with SPICe

Table 3 provided to SPICe by the Scottish Government includes a standalone budget line for the [Dunfermline Learning Campus](#). This sets out that [capital funding of £30.3m was allocated to the new Dunfermline Learning Campus](#) in 2025-26 and this will reduce to £1.1m in 2026-27 as the project comes to an end. In the 2026-27 Budget documents, funding for Dunfermline Learning Campus is included in the net college capital budget line.

Separating out the funding allocated to the Dunfermline Learning Campus from what is described in the table above as the “core” college capital budget line means that the ‘core’ college capital settlement becomes:

- £34.5m for 2025-26; and
- £42.7m for 2026-27.

Using these figures, the 2026-27 “core” college capital budget shows an £8.2m increase on the 2025-26 figure. The overall increase in the total college budget (resource and capital) is £69.6m – a rise of 10%. However, this is not made clear in the publicly available Scottish Budget 2026-27 documents.

The Budget document also states colleges will have access to funding available via the Raising Income through Skills and Education (RISE) initiative in the Social Justice portfolio:

“...through the RISE initiative (Raising Income through Skills and Education), giving colleges access to a projected £8 million of funding to deliver new or expanded initiatives to help adult learners get the skills and qualifications needed to secure new employment opportunities.” – [Scottish Government Budget 2026-27](#)

College budget: In context

The college budget settlement sets out a rise in college budgets following real terms decline since 2021-22. [Colleges Scotland said](#) the increase would “help mitigate some

of the sector's immediate financial pressures", though highlighted it "does not fully restore the investment lost in our colleges over recent years".

Audit Scotland's annual colleges reports have been highlighting financial sustainability issues facing the sector for a number of years. Most recently, [Audit Scotland's 2025 colleges report](#) found there had been a £20m reduction in cash terms and 20% reduction in real-terms in funding for colleges between 2021-22 and 2025-26.

Audit Scotland identified the withdrawal of two funding sources in 2023-24 as contributing to challenging finances: the £26m one-off transition funding in 2023-24 and the Flexible Workforce Development Fund of around £10m a year.

The report also highlighted the impact of cost cutting measures in the sector, highlighting a decline in student numbers and the inability of colleges to meet employer demand. Several colleges also highlighted to Audit Scotland their concerns about the responsibility to meet funding costs associated with the outcome of a non-teaching job evaluation, as there was no associated income for this.

In September 2025, the [SFC published its report on the Financial Sustainability of Colleges in Scotland 2022-23 to 2027-28](#). This report also highlighted the financial challenges facing colleges, identifying increasing staff costs as the largest factor, constituting "over two thirds of colleges' expenditure."

The SFC report stated that while there is variation between colleges, overall:

"Further substantial adjusted operating deficits are forecast over the next three years...These forecasts show that most colleges are not sustainable." – [SFC Financial Sustainability of Colleges in Scotland 2022-23 to 2027-28](#)

SFC outlined the report's key messages in a [26 September 2025 briefing to the Committee](#):

- The sector reported an adjusted operating deficit of £1.2m in 2023-24. This deficit is forecast to increase to £10.7m in 2024-25. This reflects higher staff costs partly offset by higher income and lower operating costs. The adjusted operating deficit is forecast to increase to £25.5m in 2025-26 with further deficits of £36m and £42m projected in 2026-27 and 2027-28, respectively.
- Nine colleges reported adjusted operating deficits in 2023-24. Seventeen colleges (68%) expect to report adjusted operating deficits in 2024-25. Twenty-two colleges (92%) are forecasting adjusted operating deficits in 2025-26, reducing to twenty-one colleges (88%) in 2026-27 and twenty colleges (83%) in 2027-28.
- Colleges remain highly dependent on the SFC grant which is forecast to remain at 77% of total income throughout the forecast period.
- The sector reported staff restructuring costs of £10.2m in 2023-24. Staff restructuring costs of £7.4m are forecast for 2024-25 and £1.9m in 2025-26.
- The sector reported an aggregate cash balance of £130.5m at the end of 2023-24, with cash reserves forecast to fall to £35.1m by 2025-26, falling to a negative cash balance of £46.2m by the end of 2027-28.
- While no college reported a cash deficit at the end of 2023-24, four colleges are forecasting a cash deficit by the end of 2025-26, increasing to twelve colleges by the end of 2027-28.

- The number of colleges reporting net cash outflows is expected to increase from twelve (48%) in 2023-24 to eighteen colleges (75%) by 2027-28.
- Overall sector borrowing (loan debt, finance leases, and Non-Profit Distributing commitments) reduced from £220.2m at the end of 2022-23 to £207.6m by the end of 2023-24. Borrowing is forecast to reduce further to £164.9m by the end of 2027-28. Most of the sector's borrowing is in the form of NPD commitments relating to three colleges.

Universities: Scottish Budget 2026-27

Table 4: University resource and capital budgets

	2024-25 Scottish Budget £m	2025-26 Scottish Budget £m	2025-26 ABR £m	2026-27 Scottish Budget £m	Difference 2026-27 Budget and 2025-26 Budget £m	% Change 2026-27 Budget on 2025-26 Budget
Higher Education Resource	760.7	773.6	828.8*	818.6	45.0	5.8%
Higher Education Capital	356.9	368.3	378.3	398.6	30.3	8.2%
Total	1,117.6	1,141.9	1,207.1	1,217.2	75.3	6.6%
Sources: Scottish Budget 2026-27 and Scottish Budget 2025-26						
Note: * The Scottish Budget 2026-27 states: "Higher Education received in-year funding for specific programmes. This means the figures for the ABR 2025-26 and 2026-27 budget are not directly comparable."						

The university budget settlement sets out a rise in resource and capital budgets for 2026-27. This follows a number of years of real-terms decline. During this time, the sector has called for the Scottish Government to address the longer-term sustainability of university funding, and the '[Framework for Sustainability and Success of Scotland's Universities](#)' (see 'Further and Higher Education section of this briefing for further information) has been set up to look at this, due to report by the end of this year.

[Universities Scotland stated](#) that the increase to the capital budget is welcome, while a "slightly above inflation" resource budget increase "does not adequately address the sustained financial challenges the sector has faced over recent years". Universities Scotland said institutions would continue to experience financial pressures.

In September 2025, the SFC published its report on the [Financial Sustainability of universities in Scotland 2022-23 to 2026-27](#). The report found that financial sustainability remains challenging for many universities.

It highlighted that tuition fee income represents the largest source of income for the sector and that universities need international fee income to remain financially sustainable and to support other areas of their operation such as research, which is a loss-making activity. The report stated:

"There is an increasing risk that universities may not meet their international student tuition fee income targets as this continues to be an area of significant

fluctuation and risk due to the competitive nature of the international markets, UK visa and immigration policy and geopolitical changes.” – SFC, 2025

SFC outlined the report's key messages in a [26 September 2025 briefing to the Committee](#) (highlighting that while this is the overall picture, there are variations across the sector):

- The sector reported an underlying operating surplus of £17.2m for 2023-24, with the surplus forecast to rise to £51.5m in AY 2024-25 before declining to a deficit of £12.9m in 2025-26 and rising again to a surplus of £134.9m in 2026-27.
- The 2025-26 deficit is mainly due to low growth in tuition fees, reduced operating and investment income and increased staff costs due to pay inflation. The forecast improvement in 2026-27 is due to more optimistic forecasts for tuition fees, research income, and other income offset by smaller increases in staff costs (reflecting the full impact of the savings from staff restructuring in 2024-25 and 2025-26), other operating expenses and depreciation. However, the forecast improvement in 2026-27 is mainly driven by three universities.
- Nine universities reported underlying operating deficits during 2023-24, and forecasts show this increasing to ten in 2024-25 and eleven in 2025-26 before reducing to seven in 2026-27. Five universities are not projecting any underlying deficits throughout the forecast period.
- Universities' reliance on SFC grants is forecast to reduce by 2% (down to 22%) by the end of 2026-27.
- International fee income is expected to increase from £1,324m in 2023-24 to £1,532m by 2026-27 (15.7% increase) but projections will be revisited after the autumn 2025 student recruitment cycle.
- The sector cash position is forecast to reduce from £1,682m at the end of 2023-24 to £1,511m at the end of 2026-27. No university is forecasting a cash deficit throughout the forecast period; however, many institutions are taking proactive steps to keep them in a positive cash position.
- Sector borrowing is forecast to increase marginally over the planning period to £1,542m at the end of 2026-27.

Higher Education Student support

Higher Education (HE) student support allocations are set out in **Table 5**. This support covers students studying HE level courses at college and university.

Please note, support for Further Education (FE) students is not included in the table below as this is distributed by individual colleges.

Table 5: Higher Education student support

	2025-26 Scottish Budget £m	2025-26 ABR £m	2026-27 Scottish Budget £m
Student Support & Tuition Fee Payments	287.8	310.1	287.8
Student Loans Company Administration Costs	5.4	5.4	5.4
Student Loan Interest Subsidy to Bank	3.3	3.3	1.7
Student Awards Agency for Scotland Operating Costs	14.7	18.6	14.9
SAAS Capital	6.9	6.9	6.9
Net Student Loans Advanced	935.0	975.0	1,020.0
Student Loan Fair Value Adjustment	213.5	285.6	246.0
Student Loan Sale Subsidy Impairment Adjustment	(3.3)	(3.3)	(1.7)
Capitalised Interest	(272.0)	(360.0)	(374.0)
Cost of Providing Student Loans (RAB Charge) (Non-Cash)*	(396.7)	(396.7)	375.0
Total Higher Education Student Support	794.7	844.9	1,582.0

Sources: [Scottish Budget 2026-27](#) and [Scottish Budget 2025-26](#)
 Notes: *The Scottish Government Budget documents states this is a technical adjustment to the valuation of student loans and does not affect discretionary spending.

The student support budget shows student support and tuition fee payments remaining at the same level. SAAS operating costs.

An increase in the budget lines for the cost of providing student loans, net student loans advanced and capitalised interest seems to account for most of the budget-to-budget increase in the overall total. The Scottish Government's Level 4 spreadsheets explains that these changes are based on current Economist estimations.

Lifelong Learning and Skills

Lifelong learning and skills spending plans are set out in **Table 6**.

Table 6: Lifelong learning and skills

	2024-25 Scottish Budget £m	2025-26 Scottish Budget £m	2025-26 ABR £m	2026-27 Scottish Budget £m	Differenc e 2026-27 Budget and 2025- 26 Budget £m	% Change 2026-27 Budget on 2025-26 Budget
Lifelong Learning	14.3	17.6	16.1	20.6	3.0	17%
Skills	36.9	35.3	37.9	34.3	-1.0	-2.8%
Skills Developm ent Scotland	202.5	202.3	204.8	201.5	-0.8	-0.4%
Total Lifelong Learning	253.7	255.2	258.7	256.4	1.2	0.5%

Sources: [Scottish Budget 2026-27](#), [Scottish Budget 2025-26](#)

The Scottish Government's Level 4 spreadsheets set out that the increase in the Lifelong Learning budget line "reflects the progression of the post school education reform programme".

Children and Families

The Children and Families spending plans include resources for the Children's Hearings system, preventing young offending, Scottish Social Services Council, work to deliver The Promise and care system reform and Early Learning and Childcare expansion. These are set out in **Table 7**.

Please note, since 2025-26, the budget for Redress Scotland has been included in the Deputy First Minister and Cabinet Secretary for Economy and Gaelic's portfolio, rather than Education and Skills.

Early Learning and Childcare is addressed later in this paper.

Table 7: Children and Families

	2024-25 Scottish Budget £m	2025-26 Scottish Budget £m	2025-26 ABR £m	2026-27 Scottish Budget £m	Differenc e 2026-27 Budget and 2025- 26 Budget £m	% Change 2026-27 Budget on 2025-26 Budget
Children's Rights, Protection & Justice	51.4	56.3	84.8	61.2	4.9	8.7%
Creating Positive Futures	43.4	55.2	28.9	29.2	-26.0	-47.1%
Disclosure Scotland Expenditur e	23.8	25.8	29.8	21.7	-4.1	-15.9%
Office of the Chief Social Work Adviser	49.4	54.7	27.3	62.9	8.2	15.0%
Care Experienc e - Whole Family Wellbeing	84.2	87.2	24.0	83.0	-4.2	-4.8%
Early Learning and Childcare	73.5	84.0	34.8	101.2	17.2	20.5%
Total Children & Families	325.7	363.2	229.6	359.3	-3.9	-1.1%
Sources: Scottish Budget 2026-27 , Scottish Budget 2025-26						

The decrease in overall budget for 'Creating Positive Futures' is explained in the [Level 4 data](#) as being due to the commitment to provide capital grants funding for playpark renewal having been fulfilled. There has also been a cut of 4.9% to the budget line for supporting families with disabled children. This funding is described as being for:

"Supporting improved outcomes for disabled children and young people, including implementation of the National Transitions to Adulthood Strategy for young disabled people." – [Scottish Government Level 4 data](#)

The increase in budget for the Office of the Chief Social Work Advisor (£62.9m in 2026-27, up from £54.7m in 2025-26) is further detailed in the [Level 4 data](#) as being for the Scottish Social Services Council, workforce development and the establishment of the National Social Work Agency from April 2026.

The [2021-22 Programme for Government \(PfG\)](#) committed to a [Whole Family Wellbeing Fund \(WFWF\)](#) of £500m over Session 6 of Parliament. This is aimed at tackling issues faced by families before they need crisis intervention. The PfG also stated that from 2030, at least 5% of community-based health and social

care spend will be focused on preventative measures. The overall intention of this preventative spend is to reduce the number of children being taken into care. [In a Written Answer in October 2025](#), the Minister for Children, Young People and The Promise stated that £148.m of the WFWF had been allocated so far.

[Level 4 data](#) gives some further detail on the WFWF. The spreadsheet shows that the fund is part of the overall 'Care Experience – Whole Family Wellbeing' budget. £50m is allocated to the WFWF budget line for 2026-27; this is the same figure as for the last three budget years.

School education

School education has not been a focus of the Committee's budget scrutiny this year. The majority of spending on school education is through local authorities. Nevertheless, the Scottish Government has a number of budget lines which impact on school education. Budget scrutiny can also look at how decisions on spend impact on outcomes and are linked to the Government's strategies.

This section will set out progress against the overall aims of the Scottish Government and the Government's reform process as well as setting out the budget proposals in this area.

National Improvement Framework and Improvement Plan

The Scottish Government published the latest [National Improvement Framework](#) (NIF) and [improvement plan](#) (NIP) for 2026 on 9 December 2025. This coincided with a raft of data from the pupil, teacher and ELC censuses and the latest Achievement of CfE Levels data.

The NIF sets out the national strategic vision and approach to school education (including ELC) while the NIP focuses on the planned actions to achieve these objectives.

The vision for education in Scotland is:

- Excellence through raising achievement and improving outcomes: ensuring that every child and young person achieves the highest standards they can.
- Achieving equity: ensuring every child and young person has the same opportunity to succeed.

The overall vision, a combination of 'excellence' and 'equity' has not substantially changed in many years. The Government has refreshed its approach to the NIF and the NIP over the past several years. It introduced a set of outcomes in the 2025 NIF (published in December 2024); these outcomes are:

1. A globally respected, empowered, and responsive education system with clear accountability at every level that supports children, young people, and adult learners to thrive. The system enables the development of their knowledge, skills, values, and attributes that give them the best opportunity to succeed and contribute to Scotland's society and economy.
2. Young people experiencing the benefit of schools and early years settings working in excellent partnerships with wider children's services and other partners, families, and communities, in line with the GIRFEC approach.

3. Inclusive and relevant curriculum and assessment which gives young people the knowledge and skills necessary to contribute to society, and shape a sustainable future, while celebrating and supporting progression for all.
4. High levels of achievement across the curriculum for all learners, with action to close the poverty-related attainment gap.
5. Highly skilled teachers and school-leaders driving excellent learning, teaching and assessment for all, especially those with additional support needs.
6. Improving relationships and behaviour, and attendance, with increased engagement in learning in a culture of dignity and respect for all.
7. An education system engaging in digital technologies to enhance all aspects of learning and teaching, supported by a digitally-skilled workforce and tackling digital inequality.

The [Programme for Government in May 2025](#) set out further priorities: the “A-B-Cs – Attainment, Attendance, Behaviour and Relationships, and the Curriculum”. Ensuring that the support for children and young people with additional support needs (ASN) is suitable is also a priority of the Government.

Data

There is a considerable amount of data available on the school education system in Scotland. In the interests of brevity this paper will set out some of the key releases and headlines. Members are welcome to contact SPICe in advance of the evidence session if they require more detailed information.

The National Improvement Plan describes how the Government will measure progress under each of the Outcomes using a range of data sources. There are also 16 measures which are the key measures that the Government uses to determine progress in outcomes and closing the poverty related attainment gap. [The NIP](#) stated—

“There are now 16 key NIF measures which cover child development, wellbeing, literacy, numeracy, attainment, participation, and attendance. ... Of the 14 measures where multiple years of data are available, there has broadly been a narrowing of the gap in 6 of the measures, and a widening of the gap in 8 of the measures over time.”

The 16 measures are included in Annexe B of this paper. The key measures included two changed measures and three new measures. The three new measures are five or more passes at SCQF Levels 4-6 or better under the All SCQF measure. The All SCQF measure includes awards which are the same level as National 4, National 5, and Higher respectively. These awards may not be the same size as the equivalent national qualifications, however. These new measures are in addition to the existing measures of the percentage of secondary school leavers achieving one or more passes in National Qualifications at SCQF Levels 4-6.

Pupil, teacher and support staff census

[On 9 December 2025 the initial releases of the pupils and teacher censuses were published.](#) Some of the key results of this were:

- The number of pupils in publicly funded schools in 2025 was 695,923 – down 6,505 from 2024. This was driven by a reduction in primary pupils.
- In 2025, there were 53,475 teachers – up 63 from 2024
- The percentage of Teacher Induction Scheme probationers teaching in publicly funded schools the following year increased from 65% in 2024 to 69% in 2025

The [most recent data on the number of support staff is from 2024](#). This showed a reduction in the number of pupil support staff (FTE) between 2023 (17,330) and 2024 (17,046) and an increase in the number of behaviour support staff (137 in 2023 to 359 in 2024). Last year's budget included additional funding to local authorities for pupil support staff.

Attendance

[School attendance, absence and exclusions statistics 2024-25](#) was also published on 9 December 2025. Some of the key statistics from this publication were:

- The attendance rate in 2024/25 was 91.0%. This is an increase from 90.3% in 2023/24 but lower than the pre-COVID-19 (2018/19) level of 93.0%.
- The rate of persistent absence (Percentage of pupils who were absent 10% or more of all half day sessions) was 28.5% in 2024/25, a decrease compared to 31.4% in 2023/24 but higher than the pre-COVID-19 (2018/19) level of 21.8%.
- Lower attendance rates appear to be associated with pupils with identified ASN and pupils living in more deprived areas.

Achievement of CfE levels

The most recent publication of the [Achievement of CfE levels \(ACEL\)](#) was published on 9 December 2025. ACEL is based on the professional judgements of teachers on whether their pupils are working at the 'expected' CfE level for their stage of education. Some of the key statistics of this release were:

- For P1, P4 and P7 pupils combined, the proportion achieving the expected levels in 2024-25 is the highest to date for literacy (74.5%) and the equal highest for numeracy (80.3%).
- For S3 pupils, the proportions achieving third level or better in literacy (89.8%) and numeracy (90.9%) are the highest to date.

The poverty related attainment gaps are measured by comparing the results of pupils living in households in SIMD1 (most deprived quintile) areas and SIMD5 (least deprived quintile) areas. The most recent ACEL found that:

- The attainment gap among primary pupils combined was the lowest measured by ACEL for both literacy and numeracy.
- The attainment gap among S3 pupils was also the lowest measured by ACEL for both literacy and numeracy.

School leavers statistics

The Initial Leaver Destinations publication has data on the qualifications that school leavers have gained when they leave school and what they are doing around 3 months after leaving school. (There is also a [follow-up destinations publication](#) which presents information on leavers' destinations around 9 months after leaving school.)

The latest Initial Leaver Destinations publication is based on the school leavers in the [2023-24 academic year and was published in February 2025](#). Some of the key points from that publication were:

- 95.7 per cent of 2023-24 school leavers were in a positive initial destination. This is a small decrease from 2022-23 (95.9 per cent) and the second highest figure (alongside 2021-22) since consistent records began in 2009-10.
- The gap between the percentage of leavers in a positive initial destination living in SIMD1 and SIMD5 postcodes widened from 3.7 percentage points in 2022-23 to 4.3 percentage points in 2023-24
- 83.5 per cent of school leavers left with one pass or more at SCQF Level 5 or better in National Qualifications in 2023-24. This is a decrease from 2022-23 (84.8 per cent).
- 83.5 per cent of school leavers left with one pass or more at SCQF Level 5 or better in National Qualifications in 2023-24. This is a decrease from 2022-23 (84.8 per cent).
- The gaps between the proportion of school leavers from the most and least deprived areas attaining 1 pass or more in National Qualifications at SCQF Level 4 or better, Level 5 or better, and Level 6 or better, all widened year-on-year.

School meal uptake statistics

The 2023-24 publication setting out the meal uptake statistics were based on administrative data. Previously, this data had been collected through an annual census based on a week in February.

[School meal uptake: 2023-24](#) was published in September 2025. This also included data for 2022-23. The key findings were:

- Uptake of free school meals was 67.7% in 2023-24 (64.3% in 2022-23)
- Uptake of all school meals (free or paid for) was 50.8% in 2023-24 (47.0% in 2022-23)

Scottish Attainment Challenge

The Scottish Attainment Challenge is a set of policy interventions supported by central funds (the Attainment Scotland Fund) intending to provide additionality to the education system to support the closing of the poverty related attainment gap. The SAC has been running since 2015, however the Government revised its approach and its funding models in respect of local authority level support early in this session. SAC includes several funding streams:

- Pupil Equity Fund – around £130m and distributed to schools via local authorities using past FSM data.
- Strategic Equity Fund £43.0m in 2025/26 and distributed to local authorities based on DWP/ HMRC Children in Low Income Families (CILIF) data
- Care Experienced Children and Young People fund circa £10.5m in 2025/26.
- National Programmes up to £5m in 2025/26

The budget includes provision for this funding to continue in 2026-27.

The Government published [an interim evaluation on these funds and approaches in August 2025](#). This looked at both implementation of the new approaches and impact. Among other things, its conclusion said:

“The implementation of the Fund and its various funding strands are generally viewed positively by both schools and local authorities, leading to increasingly strategic approaches across local authorities and locally driven interventions in schools. The importance of planning to suit local contexts and circumstances is key. Both SEF and PEF have important and complementary roles in achieving SAC aims. Headteachers play an important role in ensuring that PEF is utilized to meet their own local context. Education leaders report positive insights into the confidence and autonomy that the Fund has enabled in addressing the poverty-related attainment gap, with some clear differences emerging between schools’ approaches depending on the proportion of pupils from deprived areas.”

Reform programme

There are a number of strands to the Scottish Government’s reform programme. There are ongoing structural changes to the national agencies, as well as work underway on updating Curriculum for Excellence and qualifications taken in Senior Phase. In addition, there is ongoing focus on professional learning and work around reducing workload and contact hours for teachers. The Government published [Curriculum, Qualifications and Assessment Reform: progress to date and next steps](#) in June 2025 and also provided some further updates in the NIP.

In relation to supporting pupils with ASN the NIP noted that the Scottish Government had commissioned Enquire “to improve communication of the key information which different audiences need to meet the needs of children with additional support needs.” It also said that the Government will review ASL in the coming year. In relation to data on ASN, the NIP stated:

“Following on from the data summit on ASL which was held in November 2025, a data improvement plan will be developed to set out the short, medium and long-term actions that can be taken to implement data improvements in ASL. This work will form a core part of the wider ASL Review.”

Early Learning and Childcare and out of school care

Similarly to school education, Early Learning and Childcare has not been a focus of the Committee’s budget work this year. Again, the majority of funding for ELC is from local authorities. This section briefly sets out the policy plans for ELC and the relevant budgets.

Since 2021 local authorities have a duty to secure the provision of 1,140 hours a year for each eligible child. Funded ELC is available to all 3- and 4-year-olds and some 2 and 5 year olds. Eligibility for children under 3 is not currently universal, but is based on parents/carers [being in receipt of certain benefits or the child or parent/carer having experience of care](#). Funded ELC is available for all children up to the start of school and includes some 5 year-olds.

The Scottish Government published an [evaluation strategy in 2023](#) which highlighted three high-level outcomes for the expansion to the ELC offer:

1. Children's development improves and the poverty-related outcomes gap narrows
2. Family wellbeing improves
3. Parents' opportunities to take up or sustain work, study or training increase

The most [recent interim report of the ongoing evaluation](#) (Scottish Study of Early Learning and Childcare) was published in February 2025. This report was described as being "descriptive" and provided "a general summary of findings for a wide range of parental and child outcomes and information about settings". The final report was expected in 2025 but has not yet been published. The final report is expected to include a "full comparative analysis, which will control for relevant factors and assess whether differences found between 2019 and 2024 are statistically significant".

Take up

Data on the take up of funded [ELC was published in December 2025](#); data in this release is based on an annual census. Some of the key findings of that release were:

- In 2025 2,558 centres were providing funded ELC, a decrease of 0.7% from 2,575 centres in 2024
- The number of three and four year olds registered for funded ELC was 74,653 in 2025, similar to 74,591 in 2024. The estimated uptake rate for three and four year olds was 100% in 2025, an increase from 98% in 2024
- The number of two year old registrations in 2025 was 6,599, similar to 6,613 in 2024. This represents 14% of all two year olds, a slight increase from 13% in 2024. The estimated uptake rate for eligible two year olds was 55% in 2025, a decrease from 57% in 2024.
- The total full time equivalent (FTE) of teachers and graduates working to deliver funded ELC in 2025 was 4,808. This is an increase of 3% from 4,672 FTE in 2024, and a 49% increase from 3,236 FTE in 2017.

Further expansion

The Programme for Government in 2021-22 said that the government would, "work to expand funded early learning and childcare for children aged 1 and 2, starting with low-income households within this Parliament." The 2022 childcare strategy, [Best Start - strategic early learning and school age childcare plan 2022 to 2026](#), said—

"We will be taking the time to get policy design and engagement on our future childcare offers right, recognising that they must be appropriate to parents',

carers' and families' needs and that these will differ depending on children's ages and stages, and families' circumstances. We will also work closely with providers in the public, private, third and childminding sectors throughout our design process."

It also said:

"This plan is a living document and we will provide updates on our progress towards delivering these priorities over the course of this Parliament. These will reflect new evidence, and what we have learned from communities, stakeholders and experts about how to put our policies into action to deliver the best possible outcomes for children and families."

The Scottish Government also plans to develop a "system of wraparound school age childcare, offering care before and after school and in the holidays, which will be free to families on the lowest incomes". The Government published a [School age childcare delivery framework](#) in October 2023. This defined the Government's "action areas for the next three years, describes our transformational approach – centred around people and place – and considers how we will measure and evidence the impact of early delivery."

The 2025-26 Programme for Government mentioned the "23 'Early Adopter Communities' across six local authority areas" which are part of the school-age childcare policy development programme. It did not mention the planned expansion of the funded ELC offer.

After her statement on 13 January 2026 and in answer to [a question on expansion of early years childcare](#), the Cabinet Secretary for Finance and Local Government said "we need a wider review of the delivery models for childcare to ensure that there is more flexibility and that we can extract better value from the investments that are being made."

2026-27 Budget – School and childcare

The 2026-27 Budget was published on 13 January 2026. Similar to last year, and as noted above, the figures presented for previous years are the budgets following the 2025-26 autumn revisions and the 2024-25 outturn. In this portfolio there are significant in-year transfers which makes these data not comparable. Data here is presented budget to budget covering 2024-25 to 2026-27. Data in the tables are presented in cash terms. The data presented looks at resource (day-to-day) spending, and capital; it does not include other aspects of the budget, notably "non-cash" which tends to be accounting for the depreciation of assets. Without non-cash, the figures presented may not match or sum to totals Members may have seen elsewhere.

The commentary in the budget document said that the budget will:

"[Protect] teacher numbers, supporting workforce stability and ensuring that staffing levels continue to support high-quality teaching, learning and relationships in schools. Investment in learning infrastructure remains a priority through the Learning Estate Investment Programme, ensuring schools across Scotland are fit-for-purpose."

In relation to free school meals, the Government said it would work with local government to "expand free school meals provision to include children from families in receipt of Pension Credit, and those impacted by the increase in the Administrative Earnings Threshold."

The budget document highlighted expansions to childcare provision, including “new funding to provide a national breakfast club offer in all primary schools in Scotland and also expands after-school activities clubs for children”. This will include “the cost of providing up to one hour of supervision, to enable working parents to drop children at school early.” There is also a “further £2.5 million for wraparound activities provision building on the success of the ‘Extra Time’ programme, to expand after school club services for families most in need.” The [Extra Time programme](#) is a partnership with the SFA.

The following sections set out the budgets concerning school and childcare.

Learning

Learning is the largest Level 2 budget line concerning school education and ELC. The tables below show the level three areas of spend for both resource and capital for 2024-25, 2025-26 and 2026-27.

Table 8: Learning - Resource (£m)

		2024-25	2025-26	2025-26 ABR	2026-27	Change year-on- year (£m)
Education	Analytical Services	3.1	4.3	4.9	4.4	0.1
Improvement, Attainment and Wellbeing		143.4	189.7	82.8	190.5	0.7
Workforce, Infrastructure & Digital		269.3	330.5	325.3	333.3	2.7
Total		415.8	524.6	413.0	528.2	3.6

Table 9: Learning - Capital (£m)

		2024-25	2025-26	2025-26 ABR	2026-27	Change year-on- year (£m)
Education	Analytical Services	1.2	1.7	1.7	1.8	0.2
Improvement, Attainment and Wellbeing		43.2	0.2	0.2	0.2	0.0
Workforce, Infrastructure & Digital		10.3	11.3	11.3	0.4	-10.9
Total		54.7	13.1	13.1	2.4	-10.7

Education Analytical services is to do with the analysis function within the Scottish Government. While there has been a small in-year increase in 2025-26, the budget for 2026-27 is similar to the budget as passed for 2025-26.

Improvement, Attainment and Wellbeing includes funding for the Scottish Attainment Fund (not including most of the PEF), support for ASL, and Health and Wellbeing in schools (ie: food and nutrition, health, promoting positive relationships and behaviour,

mental health and wellbeing and engagement in schools and the national anti-bullying service). Overall, the funding for these areas is similar in cash term to the budget as passed for 2025-26 – there is also little movement in the budgets for each of the component areas at the level 4 level. For example, the Scottish Government budget document highlighted:

- Investment up to £200 million to support the further improved attainment and outcomes of children and young people impacted by poverty.
- Provision of over £50 million to support Health and Wellbeing including further expansion of free school meal provision.
- Investment of over £57 million for additional support for learning

In relation to the second bullet, this represents a small increase of around £830k (1.7%) compared to the previous budget as passed for 2025-26 – this reflects the commitment to expand the statutory criteria for free school meals to include children from families in receipt of Pension Credit, or who have been impacted by the increase in the Administrative Earnings Threshold. COSLA's "Budget Reality" document estimates the cost of this change to FSM eligibility to be around £3m. The other two bullets are referring to aspects of the budget that, in cash terms, are very similar to the previous year's budget.

Workforce, Infrastructure & Digital includes:

- Teacher Training (including funding for the teacher induction scheme)
- Technologies for Learning (e.g. Glow services)
- Schools Unitary Charges
- Jordanhill and St Mary's Music school

In previous years this line included around £240m of funding to support pay deals agreed for teachers. SPICe has removed this from the totals for previous years as this will be baselined into the wider local government funding. Taking that into account, the resource funding in this area has grown by 0.8%. The Capital funding in this area is planned to fall by over £10m; this is largely due to the removal of £10m of capital funding under the Technologies for Learning Level 4 line. The Government state that this is "not required in 2026-27".

Teacher Training funding is planned to be around £211.3m in 2026-27. Compared to the as-passed budget for 2025-26 this is a £1.3m reduction. Nevertheless, the Scottish Government commentary states that his Level 4 line "includes an additional £1m to support the development of local pilots to test different approaches to delivering reduced class contact time." It is not clear what other aspects of Teacher Training have reduced or possibly been baselined/transferred elsewhere in the budget.

Schools Unitary Charges covers Scottish Government revenue funding commitments to local authorities to cover unitary charge payments for the Public Private Partnership (PPP) funded projects in the Scotland's Schools for the Future programme (SSF), and outcomes-based funding payments for Learning Estate Investment Programme (LEIP) projects. The total for 2026-27 is planned to be £100.9m. While there has not been a significant increase in planned funding here compared to the 2025-26 budget, this is an area of spend that is increasing: in 2024-25, the budget under this line was £82.0m.

Resource funding for Jordanhill (total £10.7m in 2026-27) and St Mary's Music school (£2.4m) is planned to increase by a combined £1.9m compared to the 2025-26 budget. This is due to teacher pay and support staff awards and the demand for places at St Mary's.

The spending review indicates that there are plans to increase spending in this area in 2027-28 by a further £24.0m.

Education Reform and Education Scotland

Education Reform and Education Scotland are two level 2 lines. We have treated them together here because funding for the new HMIE now sits in Education Reform and previously the function was contained in Education Scotland. The following two tables show the Level 3 totals for resource and capital expenditure over these two Level 2 areas combined for 2024-25, 2025-26 and 2026-27.

Table 10: Education Reform and Education Scotland - Resource (£m)

	2024-25	2025-26	2025-26 ABR	2026-27	Change year-on-year (£m)
Curriculum	30.0	31.7	11.2	31.9	0.2
Education Reform	34.6	37.7	72.3	36.4	-1.3
HM Inspectorate of Education	-	-	-	13.4	13.4
Education Scotland	26.5	28.4	33.6	17.3	-11.1
Total	91.1	97.8	117.1	99.0	1.2

Table 11: Education Reform and Education Scotland - Capital (£m)

	2024-25	2025-26	2025-26 ABR	2026-27	Change year-on-year (£m)
Curriculum	0.0	0.0	0.0	0.0	0.0
Education Reform	3.9	10.1	10.1	3.0	-7.1
HM Inspectorate of Education				0.0	0.0
Education Scotland	0.0	0.0	0.0	0.0	0.0
Total	3.9	10.1	10.1	3.0	-7.1

The Scottish Government explains that the Curriculum line includes funding to support a “range of work across the Curriculum for Excellence, and includes funding to remove core curriculum charges and provide free instrumental music tuition.” There was a small increase in this line year-on-year.

The Education Reform Level 3 line (within the “Education reform” Level 2 line) covers essentially two areas of spend: Schools reform and funding for Qualifications Scotland (or SQA in previous years).

The schools reform budget is £13.3m in 2026-27. This is a reduction of around £3.6m compared to the 2025-26 budget. Of this, £2.0m is resource that has been transferred to HMIE and the remainder is a reduction in capital expenditure.

SQA budgets are normally subject to significant in-year revisions. The SQA's resource budget (excluding certain accommodation costs) for 2025-26 was £18.8m but the figure at the ABR was £53.5m. The Qualification Scotland resource budget for 2026-27 is £19.5m, but as with previous years we may expect this to increase in year.

The budget for HMIE is £13.4m in 2026-27. This is a new body and there is no comparison in previous years. The budgeted resource funding for Education Scotland in 2026-27 is £17.3m which is a fall of £11.1m compared to the 2025-26 budget. Comparing the sum of resource funding HMIE and Education Scotland in the 2026-27 budget to Education Scotland in the 2025-26 budget, there has been an increase of £2.3m.

Early Learning and Childcare

Early Learning and Childcare is a Level 3 line that sits under Children and Families at Level 3. It includes support for ELC, school age childcare, and funding for local authorities to provide holiday meal alternatives. The following tables set out the resource and capital spend for 2024-25, 2025-26 and 2026-27.

Table 12: Early Learning and Childcare – Resource (£m)

	2024-25	2025-26	2025-26 ABR	2026-27	Change year-on-year (£m)
ELC Expansion	26.2	36.6	9.3	46.2	9.6
School Age Childcare	14.5	18.4	21.6	32.9	14.5
Holiday Meal Alternative	21.8	21.8	0.0	21.8	0.0
Total	62.5	76.7	30.8	100.9	24.1

Table 13: Early Learning and Childcare – Capital (£m)

	2024-25	2025-26	2025-26 ABR	2026-27	Change year-on-year (£m)
ELC Expansion	5.5	0.2	0.2	0.3	0.1
School Age Childcare	5.5	7.0	3.7	0.0	-7.0
Holiday Meal Alternative	0.0	0.0	0.0	0.0	0.0
Total	11.0	7.2	3.9	0.3	-6.9

The ELC Expansion resource budget line is central funding for ELC provision, such as, "supporting local authorities in delivery, including the training and upskilling of the

workforce and supporting sector sustainability". It also provides part of the funding for the Early Adopter Communities as part of the childcare expansion work. The resource budget for this line has increased by £9.6m compared to the 2025-26 budget. The Scottish Government have confirmed to SPICe that this is due mainly to £11.0m increase to support the Real Living Wage commitment for all care professionals delivering ELC – there have also been various smaller changes which have reduced the budget in this line, such as moving parts of funding to other budget lines.

The School Age Childcare supports the policy development and pilot work to develop a system of school age childcare. This includes work to provide school age childcare services for low-income families through the Access to Childcare and Early Adopter Community projects. This line also supports the Bright Start Breakfasts programme. The resource funding for this programme is increasing by £14.5m compared to last year's budget. This increase includes an additional £12m for the National Breakfast Offer in 2026-27 and an additional £2.5m to support the Extra Time Programme.

Capital Funding under the School Age Childcare has been removed. Last year this capital funding was intended to support, "projects focused on utilising infrastructure which already exists within communities with a focus on improving or bringing existing resource back into use, and a focus on digital solutions."

Holiday Meal Alternative provides £21.75m to local authorities for holiday free school meal alternatives. This funding has remained the same for several years. The latest outturn data from local authorities is for 2023-24 and this shows that local authorities spent £23.5m on holiday meal provision in that year ([LFR01 2023-24](#)).

Local authority funding

As noted above, local authorities provide the majority of funding for school education (including ELC) from their budgets. The Cabinet Secretary for Finance and Local Government said in [her statement to Parliament on 13 January 2026](#):

"Overall, the funding for local government will increase by 2 per cent in real terms, comparing budget with budget—a settlement that is fair, and which recognises the important role of local government in the delivery of key services."

Local authorities are responsible for a wide range of services that support families and young people and will affect educational outcomes directly and indirectly. The NIF stated:

"Delivering improvement and closing the poverty-related attainment gap is something that schools and ELC settings cannot address on their own. There needs to be a more holistic approach to take account of the wider relationship between home and schools. We set out in the Programme for Government that families must be able to access the support they need, where and when they need it—with services designed to respond immediately, reducing unnecessary bureaucracy, and wrapping the support around them. Our commitment to increase funding flexibility to better enable partners to deliver whole family support is being rolled out initially to a core group of local authorities, with the intention of extending to other parts of Scotland quickly thereafter."

The [Spending Review noted that in future years](#), local authorities budgets are likely to be under pressure with resource forecast to fall in cash terms in 2027-28. [It also stated](#):

"Local Government continues to deliver reform and efficiencies. In the year to June 2025, the workforce fell by 0.7 per cent, equivalent to around 1,500 FTE."

“The future fiscal outlook for Local Government will bring challenges that will require it to participate in further efficiencies, and undertake transformation of services, in line with our strategic ambitions. However, Local Government will have the flexibility in how they find the savings that are equivalent to the quantum necessary and fit their local circumstances.”

Lynne Currie and Ned Sharratt, Senior Researchers, SPICe

Date: 15/01/2026

Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area.

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ANNEXE A: Spending Review – Education and Skills

The Spending Review (“SSR”) set out spending plans in the Education and Skills portfolio for three years, starting from 2026-27. The Government says that the SSR will focus delivering its key priorities and that the decisions in the SSR reflect these priorities. The priorities are:

- Eradicating child poverty
- Growing the economy
- Tackling the climate emergency
- Ensuring high quality and sustainable public services

The following table is taken from the Education and Skills chapter of the spending review. It sets out the resource and capital funding as well accounting for Financial Transactions.

Table A1.1: Spending Plans (Level 2) (£m)

Level 2	2026-27	2027-28	2028-29
Learning	530.6	554.6	554.8
Education Reform	84.7	84.9	84.7
Education Scotland	17.3	17.5	17.3
Children and Families	345.8	371.4	373.2
Higher Education and Student Support	313.1	308.2	308.1
Scottish Funding Council	2,010.60	2,004.70	2,000.60
Lifelong Learning and Skills	254	253.2	253.5
Total Education & Skills	3,556.10	3,594.50	3,592.10
<i>of which</i>			
Total Fiscal Resource	3,102.40	3,127.20	3,125.20
<i>of which Programme Costs</i>	<i>3,056.60</i>	<i>3,081.90</i>	<i>3,080.80</i>
<i>of which Operating Costs</i>	<i>45.8</i>	<i>45.3</i>	<i>44.4</i>

Capital	465.2	477.9	477.4
Financial Transactions (FTs)	-11.5	-10.6	-10.5

In relation to Higher and Further education, the SSR stated—

“The portfolio will continue to support post-school education with over £2.4 billion resource and capital investment each year in colleges, universities, and the wider skills system. This will support sustainability and longer-term reform, protect free tuition, advance widening access, and support learners to progress into and through work, contributing to inclusive economic growth. Scotland’s colleges will see £146 million of additional resource funding allocated over the spending review period, creating a strong foundation for the sector to come together to deliver an ambitious body of reform and transformation alongside delivering vital services and opportunities for people and employers across Scotland.”

It also stated—

“Over the spending review period, the portfolio will invest over £100 million to deliver a national breakfast club programme, providing a free breakfast club in every primary school in Scotland by August 2027.”

Efficiency and Reform Plans

The [SSR also sets out some more detail on how the £1.5 billion public sector efficiencies and reforms are to be achieved](#). The savings plan for the Education and Skills portfolio is set out below. Of course, much of education is delivered by organisations not directly in the scope of the funding in the Education and Skills portfolio (e.g. local government employees).

Table A1.2: Education & Skills Portfolio Efficiency and Reform Plan (£m)

	2026-27	2027-28	2028-29
Efficiencies and Productivity, <i>of which:</i>	19.7	10.6	12.8
<i>Workforce Savings</i>	18.4	7.4	9.5
<i>Shared Services and Digital Improvements</i>	1.3	3.2	3.3

ANNEXE B: National Improvement Framework Measures

The National Improvement Plan describes how the Government will measure progress under each of the Outcomes using a range of data sources.

The Government has a longstanding set of measures which are intended to measure progress in narrowing the poverty related attainment gap. These measures have changed from time to time. There are now 16 measures; these are set out below along with an indication of whether these are changed or new measures and whether the data shows that the gap between pupils living in SIMD1 and SIMD5 postcodes is Narrowing or Widening in the past two available datasets.

Of the 14 measures where multiple years of data are available, there has been a narrowing of the gap in 6 of the measures, and a widening of the gap in 8 of the measures over time.

1. **Changed** Percentage of children reviewed who had no concerns about any aspects of their development at their 27-30 month review (**Narrowing**)
2. Percentage of children (aged 4-12 years) with a Total Strength and Difficulties Score of 14 or more (slightly raised, high or very high) (**Widening**)
3. **Changed** Mean WEMWBS scores for 13-15 year olds (**N/A**)
4. Percentage of P1, P4 and P7 pupils (combined) achieving expected CfE Levels for Literacy (**Narrowing**)
5. Percentage of S3 pupils achieving CfE Third Level or better for Literacy (**Narrowing**)
6. Percentage of P1, P4 and P7 pupils (combined) achieving expected CfE Levels for Numeracy (**Narrowing**)
7. Percentage of S3 pupils achieving CfE Third Level or better for Numeracy (**Narrowing**)
8. Percentage of secondary school leavers achieving one or more passes in National Qualifications at SCQF L4 or better (**Widening**)
9. Percentage of secondary school leavers achieving one or more passes in National Qualifications at SCQF L5 or better (**Widening**)
10. Percentage of secondary school leavers achieving one or more passes in National Qualifications at SCQF L6 or better (**Widening**)
11. **New** Percentage of senior phase secondary school leavers achieving five or more passes at SCQF L4 or better under the all SCQF measure (**Widening**)
12. **New** Percentage of senior phase secondary school leavers achieving five or more passes at SCQF L5 or better under the all SCQF measure (**Widening**)
13. **New** Percentage of senior phase secondary school leavers achieving five or more passes at SCQF L6 or better under the all SCQF measure (**Widening**)

14. Percentage of 16-19 year olds participating in Education, Training or Employment (**N/A**)
15. Percentage of secondary school leavers in a positive initial destination (**Widening**)
16. Percentage attendance across all schools (**Narrowing**)