



The Scottish Parliament
Pàrlamaid na h-Alba

EDUCATION AND SKILLS COMMITTEE

John Swinney MSP
Deputy First Minister and Cabinet Secretary
for Education and Skills

Via email only

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Dear John

Budget scrutiny

The Committee has considered its approach to budget scrutiny under the revised process. It has agreed a number of specific measures to ensure that, embedded in its work, is an assessment of the extent to which spending is aligned to outcomes and that proper evaluation of the impact of spend occurs to inform further funding decisions.

For each of its future inquiries the Committee intends to write to the relevant minister seeking detail of relevant funding streams linked to the policy objectives that the Committee is scrutinising. It may also undertake further scrutiny later in the parliamentary session of specific public bodies, including revisiting the recommendations it made in its work on the role and performance of SDS, SFC, SQA and Education Scotland in 2017. Finally, it will continue to pursue themes in its future work on school education relating to the importance of accurate data and detailed evaluation work, to inform future spending decisions.

On this last point, while the Committee has not undertaken extensive pre-budget scrutiny for the coming financial year, the Committee would like to reiterate to you the priorities it set out in its budget scrutiny for 2018/19 in relation to school education. These are reproduced below.

Additional support needs – baseline data and funding

“The Committee appreciates the figures you provided on increasing numbers of young people with additional support needs achieving positive destinations but would seek a specific definition of what you consider to be a positive destination. The Committee also seeks an acknowledgement that if the baseline data on the incidence of additional support needs is inconsistent across authorities then it is not

possible to be definitive as to the proportion of young people with additional support needs who achieve positive destinations.

The Committee notes that there is no ring-fenced funding allocated to local authorities in relation to additional support for learning. The effective implementation of additional support for learning policy is reliant on effective funding, hence the Committee highlighted ASL as a funding priority in its inquiry and in its letter on the 2018/9 budget in October.

The Committee wishes to highlight the Scottish Children's Services Coalition recommendation that a dedicated additional support needs attainment fund for local authorities should be set up. Given the Government has increased the total amount of ring-fenced funding for local authorities in this draft budget, the Committee believes that ring-fencing should be considered for ASL."

Education reforms – in-year transfers

"Given the changes required of Education Scotland [as part of education reforms], and the extent to which (according to the most recent staff survey) the organisation struggles to manage change, the Committee would seek clarity as to why funding for Education Scotland is not higher at the start of the financial year. The Committee invites you to recognise the benefits of providing a larger proportion of Education Scotland's funding at the start of the financial year to aid planning processes."

Attainment funding - evaluation

"the Committee was keen to understand how you will assess whether [PEF] is used to fund new initiatives aimed at reducing the attainment gap, as opposed to being used as a new funding stream for existing functions within schools. The Committee also sought to understand how you will use the learning and evaluation from the way funds have been used so far to inform future funding allocations..."

"The Committee explored the ways in which the Scottish Government intends to monitor the use of pupil equity funding to ensure it is used in accordance with the principle of additionality. Examples were raised in evidence of new initiatives and posts created as a direct result of Pupil Equity Funding; however, the Committee is also aware of reports of Pupil Equity Funding being used for existing services. In this regard, you noted that you have previously intervened where you consider it is not being used as intended and would continue to do so...The Committee is in a position where it cannot identify the extent to which PEF funding could be being used to replace previous funding."

The Committee has continued its scrutiny of these issues over the last year, and considers that the issues highlighted above remain pertinent. Attached in the appendix are a number of extracts of the Committee's work in these areas that substantiate the points made above. Also in the appendix are details of annual audit reports highlighted to the Committee by the Auditor General at the business planning day which also reflects the points above on the level of change required of Education Scotland in its role implementing certain education reforms, and the issue of in-year funding transfers.

I should be grateful if you could set out the latest position from the Government on the issues raised above, including:

- Progress to produce more reliable baseline data on additional support needs;
- Progress to revise the practice of substantial in-year funding transfers for public bodies including Education Scotland; and
- Progress on the evaluation of PEF spend.

On this last point, the Committee would be particularly interested to learn whether the evaluation work undertaken on PEF enables the Government to interpret the [recent figures](#) on PEF spend at school and local authority level, including underspends in this financial year of up to 56% at local authority level. The Committee would be interested in what the Government considers are the reasons behind these underspends and therefore for this funding being carried over into the next financial year.

Yours sincerely

Clare Adamson MSP
Convener

Relevant Committee work on these issues

ASN

The Committee made a number of recommendations linked to funding in its inquiry report in March 2017. For example, that:

a financial review of what funding local authorities are currently providing to support those with additional support needs would be beneficial to inform both future Government and local authority funding allocations for this policy (recommendation 17 of its report); and

the starting point for assessing how to effectively resource additional support for learning is accurate data on the prevalence of additional support needs across all local authorities (recommendations 15 and 16).

Pupil Equity Funding

The Committee has undertaken relevant work as part of its inquiry into poverty and attainment in relation to Pupil Equity Funding (PEF). An extract of the report is below:

Para 30 - An effective evaluation must reflect how attainment is improving, why and where the challenges, including funding levels, remain.

32 - The Committee recommends that as part of the next stage of this evaluation, the Scottish Government assess the extent to which PEF is used for additional purposes rather than for purposes that would be considered to be candidates to be covered from core funding.

33 - In addition, the Committee recommends that the Scottish Government widens the evaluation to assess the separate impacts on the poverty-related attainment gap of programmes and interventions that are totally or primarily funded by: the Pupil Equity Fund; other aspects of the Attainment Scotland Fund; or schools' core budgets.

Education reforms / Education Scotland

In its *Report on the Performance and Role of Public Bodies* in 2017 the Committee made the following recommendation:

37. The Committee considers that when setting out on a programme of reform, clear outcome-based baseline data should be collected to allow measurement of the effectiveness of the reform as it is rolled out. The Committee is keen that this lesson be learnt for any future reform. The Committee regrets that the opportunity for this to be done for Curriculum for Excellence has now passed. The Committee urges Education Scotland and

the Scottish Government to consider what can be done to address the consequences of this.

Annual audit reports

Education Scotland's annual audit report highlights that it will need significant additional resources to deliver the commitments in the Scottish Government's *Education Governance: Next steps* agenda. Education Scotland estimates that it will need 109 additional staff at a net cost of £3.5 million in 2018/19 and then £6.64 million per year in subsequent years.

The auditors of SQA, SDS and Education Scotland have drawn attention to risks around the funding model for the bodies. They each receive a proportion of their funding at the start of the year and need to set their annual budgets without certainty on their final funding allocations, which are confirmed in-year. SQA's budget for 2018/19 assumes funding of £31.925 million from the Scottish Government. Its initial allocation from the Scottish Government was £11.017 million, with the remainder anticipated through in-year allocations.