Education Committee
21st Meeting, 2006
Tuesday 24 October 2006

The Committee will meet at 2.00 pm in Committee Room 5

1. **Budget process 2007-08 (Stage 2):** The Committee will take evidence on the Executive’s Draft Budget 2007-08 from—
   
   Peter Peacock, Minister for Education and Young People
   Robert Brown, Deputy Minister for Education and Young People
   Liz Lewis, Head of Schools Group, Scottish Executive
   Colin MacLean, Head of Children, Young People and Social Care Group, Scottish Executive
   Joe Brown, Head of Policy Support Unit, Business Management, Scottish Executive

2. **Draft National Plan for Gaelic (in private):** The Committee will consider a draft report on the draft National Plan for Gaelic.

Eugene Windsor
Clerk to the Committee
Room T3.40, Committee Office
Ext. 0131 348 5204

The following papers are enclosed for the meeting:

**Agenda item 1**
Submission from ADES
Submission from ADSW
Report to ADSW by Prof Midwinter
Letter from COSLA
Budget guidance from Finance Committee
Education Committee budget report 2006-07
Ministerial correspondence on budget
SPICE budget briefing

**Agenda item 2**
Draft report (private paper)
ADES Comments on the Scottish Executive Draft Budget 2007/08

INTRODUCTION

The Association of Directors of Education in Scotland strongly endorses and enthusiastically supports the objectives of the draft Executive budget for education and young people: –

- Closing the opportunity gap;
- Building capacity;
- Ensuring excellence.

CONTEXT

The levels of expectation, openness and accountability in education and children’s services have never been greater. There are a number of new and planned pieces of legislation affecting these services ranging from - the Management of Offenders to School Nutritional Standards; from the Parental Involvement Act to Additional Support for Learning. New rights and standards; developing integrated approaches and structures; and a number of different inspection, regulation and quality regimes are being introduced to ensure better services and to support legislative and regulatory requirements: these all have a significant impact on expenditure within local councils.

ADES is encouraged that the Scottish Executive has recently improved its approach to anticipating the potential costs of new initiatives. However, we remain concerned that actual expenditure will continue to exceed funding levels reflecting real demand particularly in providing children’s services where actual costs greatly outpace budget provision e.g. fees for residential education and care; foster and respite care payments; support packages for children requiring coordinated support plans etc.

ADES would like to disavow the members of the Education Committee of the view that education has been or will be ‘exempt’ from efficiency savings and that schools’ devolved budgets have not had to meet savings targets: we do not know of an authority where this has been the case.

BUDGET REQUIREMENTS

Moreover, as councils continue to implement single status, education and children’s services budgets will bear the brunt of the huge costs involved both because of the relative size of this budget within councils (80 -90%) and owing to the large number of employees within these services who are affected.

Within this challenging environment, it is important that the ‘21st Century Social Work Review’ is supported with funding to allow the aspirations towards truly integrated children’s services to be addressed.

(ref. Targets1, 2, 3, 7, 8)
ADES would like to see more explicit reference in the budget statement to the curriculum review as one of the keys to the stated objectives. As schools and authorities expand and improve provision

- to address the health agenda;
- to provide more sport, PE and physical activity;
- to re-establish the place of practical and vocational skills’ courses and qualifications;
- to develop citizenship and enterprising young people;
- and to make more effective community based services;

(ref. Targets 1, 2, 6, 9,10)

so, there will be a need for significant resources including capital investment.

We suggest that Education Maintenance Allowances should be expanded to include early apprenticeships for young people of school age.

(ref. Objective 3)

We also believe that the School Estate Management Plans need greater levels of investment 1) if authorities are to meet the ambitious target of modern, high quality learning environments with 300 new or substantially new schools, and 2) as pilot schemes for integrated provision for 2 year olds develop.

(ref. Target 6)

SUMMARY

In summary, ADES believes that the Education Committee of the Scottish Parliament will want to assure itself and local councils that areas of service provision for children and young people, that in the past have required spending beyond budget provision, are adequately funded in a context of significant change, new burdens and raised expectations - specifically, funding for

- new legislative requirements like the ASL Act; the Parental Involvement Act; the Schools Nutritional Standards Act;
- Core provision within children’s services;
- Curriculum reform;
- Capital investment in schools and in centres for integrated children’s services;
- Workforce reform and development across children’s services.

We thank the Education Committee for the opportunity to comment and hope that we can be fully involved in the forthcoming spending review.
I refer to your letter of 3 October 2006, which asked the Association of Directors of Social Work to provide written comments on the proposed 2007-08 budget. In responding to this request ADSW would wish to submit the enclosed report by Professor Arthur Midwinter ‘Spending Review 2007: An Assessment of Expenditure Need by Scottish Local Authorities on Children’s Social Work Services from 2007 to 2011’.

ADSW commissioned this report due to a growing concern about the pressures on social work budgets because actual expenditure on core children’s social work services (fostering, residential care, kinship care, respite care, etc) exceeded resource availability.

Professor Midwinter concludes,

“The funding shortfall between GAE provision and local authority expenditure on core children’s social work services has been growing since 1999 and now amounts to £161m or 63%. This has arisen because GAE funding has failed to match the growth of numbers of looked after children, the increased costs of purchasing provision for them and the Executive’s own policy agenda of setting and improving service standards”.

While the Executive would point to an increase in resources provided to social work in recent years, these have been largely associated with the implementation of new legislation and policy, including free personal care, increases in care home fees, transfers of responsibilities from the Department of Work and Pensions, delayed discharge, etc.

In children’s social work services, the monies made available through the Changing Children’s Services Fund are explicitly not for core services and the guidance clearly states that any “proposal should clearly add value to - not duplicate or substitute for - existing services”.

Initiatives such as Sure Start have helped many vulnerable children. However, this investment, together with the Child Protection Improvement Programme, has probably contributed to the identification of greater numbers of children in need and thus led to the major increase in the number of children accommodated by local authorities.

ADSW appreciates that local government has been investing in children’s social work services at the expense of other council services. This is because the allocation for these services has not kept pace with changing demand, much of it arising from the Executive’s own work. The basics are: (1) over 1000 more children accommodated by local authorities than 5 years ago; and (2) costs which have grown to accommodate national care standards and the requirements of the Scottish Social Services Council, both introduced by the Executive.
In response to these pressures local authorities have supported children’s services by moving money from other areas, particularly community care. Given the increasing population of older people, the commitment to provide modern personalised services to people with learning disabilities and growing demands in terms of both mental health and addiction services, funding children’s social work services from community care resources is unsustainable.

ADSW fully appreciates that the patterns of expenditure described by Professor Midwinter have developed over a number of years. It would be extremely challenging to correct this issue in a single year, but it is possible to acknowledge the validity of Professor Midwinter’s analysis and take steps in both the coming year and over the period of the next comprehensive spending review to reverse these trends.

Yours sincerely

David Crawford
PRESIDENT
ASSOCIATION OF DIRECTORS OF SOCIAL WORK
FINAL REPORT

Spending Review 2007: An Assessment of Expenditure
Need by Scottish Local Authorities on
Children’s Social Work Services from 2007 – 2011

Report prepared for the Association of Directors of Social Work

Professor Arthur Midwinter
BACKGROUND

1. This report provides an independent assessment of the need for expenditure on core children’s social work services provided by local authorities over the next Spending Review cycle, from 2007 - 2011. It has been commissioned by the Association of Directors of Social Work to inform their submission to that review.

2. A preliminary report on the issue (Midwinter 2006) demonstrated the existence of a funding shortfall between Grant Aided Expenditure (GAE), the amount that the Scottish Executive is prepared to support through Aggregate External Finance (AEF) on these services, and local authority budget provision. With the high level of funding support provided by the Executive for core services – over 80% - the calculation of the GAE totals is a key element in the resource allocation process, and requires to be based on realistic assumptions regarding the cost of providing a standard service by authorities.

3. My preliminary report showed that in 2005-6 authorities were spending £148.5m above the GAE provision, at £396.7m compared with a GAE provision of £248.2m. Core children’s social work services deal with children in need of care and protection. This is a public service that is only required by a minority of children and families, most of whom suffer severe social disadvantage. It is an area in which spending is driven by demands on the service and in which political discretion over what to provide, and how, is greatly constrained by statutory requirements. Much expenditure results from social workers being reactive to factors out with their control.
4. This funding gap has important resource implications for councils, as it is very unusual in the major spending services - education, social work, police and roads maintenance - for expenditure to be 60% higher than GAE. Also this gap will not be a reflection of political preferences, as the gaps exist in a wide range of authorities of differing political predisposition. Rather the paper showed the gap was driven by acute expenditure need, arising from spending pressures from growing numbers of children in need of care, and increasing costs of provision in the voluntary and private sectors.

5. After the implementation of the Children (Scotland) Act 1995, the number of looked after children was stable until 1999 then reported as a growth trend by the Executive in 2004 (Scottish Executive 1999; 2004). This Act was a major new body of law on looking after children, which required major changes in service management and delivery. However, despite extensive consultation with social work professionals, the estimates of the cost of implementing the new duties as per the financial memorandum to the Bill were not reflected in GAE allocations to social work authorities, i.e. the necessary increase in funding support to meet the additional costs of fulfilling the new statutory obligations was not provided by the Scottish Office.

6. The implementation of these reforms was further complicated by dubious assumptions over potential savings arising from the reorganisation of local government in 1996, and the imposition of a funding squeeze on authorities by the building in of assumed efficiency gains to cover the cost of pay increases. In previous work, I have shown that this combination created a fiscal crisis in local government, resulting in reductions in expenditure and increases in council tax (Midwinter 1998).
The situation in social work was further complicated by the ‘mismatch’ effect in the disaggregating regions, between the budgets transferred to the new authorities, and their GAEs. Whilst overall, social work spending was 4.5% above GAE in 1995, the mismatch effect transferred GAE surpluses as high as 23% over budget in East Renfrewshire, and GAE deficits of as much as 46.7% below budgets in Midlothian.

7. One research survey of the budgets in the new social work authorities reported that 75% were dissatisfied with the outcomes of the funding negotiations with the Scottish Office, as a result of which funding for children’s social work services fell despite an estimated cost of £25m to implement the legislation (Craig and Manthorpe 1998 p.117).

8. This survey reported two thirds of social work authorities received real reductions in budgets of between 4% and 10% in 1996-7 and 6-10% in 1997-8 and interpreted this as a ‘financial crisis in the making’ (p.121). Overall reorganisation had a ‘demoralising impact’ on social work staff (p.124).

9. The change of government in 1997 brought a budgetary standstill for two years. By 1998–9, the pattern of funding reported in my preliminary paper has become stabilised. This is shown below in Table 1. Whilst spending on children’s services was 43% above GAE, spending on older people was 15% below GAE, and spending on services for people with disabilities was 4% below GAE. Overall, social work budgets were 7.9% above GAE. This is, in part, the direct result of the real reductions in children’s GAE following the 1995 legislation.
### Table 1: Social Work Budgets and GAE Comparisons 1998-9

<table>
<thead>
<tr>
<th>Social Work</th>
<th>Budgets (£m)</th>
<th>GAE (£m)</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children's Social Work Services</td>
<td>284.3</td>
<td>199.2</td>
<td>+42.7%</td>
</tr>
<tr>
<td>Social Work Services for Older People</td>
<td>424.8</td>
<td>501.5</td>
<td>-15.3%</td>
</tr>
<tr>
<td>Services for People with Disabilities</td>
<td>221.1</td>
<td>230</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Other Services</td>
<td>202.8</td>
<td>119.2</td>
<td>+70.1%</td>
</tr>
<tr>
<td>All Social Work Services</td>
<td>1133.0</td>
<td>1049.9</td>
<td>+7.9%</td>
</tr>
</tbody>
</table>

10. This funding gap has continued to grow as my preliminary research showed, rising to 47% by 2000-1, and to 59.8% in 2005-6. In the same period, the total social work overspend fell to 6.9% in 2000-1 and to 4.7% in 2005-6.

11. Social work authorities continue to face increasing numbers of children in need of care and protection, mostly in referrals from the Scottish Children’s Reporters Administration, and increasing costs of community and residential care, mainly from external provision. Authorities have also faced ongoing problems of recruitment and retention of social workers, and an expanding programme of training and qualifications driven by the Executive. These pressures and all the requirements of the new Scottish Social Services Council need to be adequately recognised in the 2007 Spending Review, and are discussed below.

12. In addition to these demographic and cost pressures there has been a continuing flow of social work policy initiatives from the Scottish Executive, reflected in commissioned reports, legislation and guidance, all of which have financial implications for social work authorities.

13. The core duties in relation to children in need of care are set out in the Children (Scotland) Act 1995, which requires local authorities:

- to safeguard and promote the care of children who are in need in their area;
- so far as is consistent with that duty to promote the upbringing of children by their families;
- to provide a range and level of services appropriate to the children’s needs.
14. These obligations left considerable discretion to authorities over the quality of care; and there were significant variations in service levels and spending among local authorities. Recent developments have resulted in a shift in emphasis to ensure greater priority to the needs of the child over the rights of the family.

15. Recent policy developments place a strong emphasis on joint working particularly between social work, health, education, and police, and on a joint approach for both assessment and protection. They also place responsibilities on the other agencies to refer children at risk to social work departments as the lead agency.

16. Furthermore, the Executive has developed a set of National Care Standards for some services to ensure a common level of service across Scotland, and to raise the level of care irrespective of area of residence.

17. Finally, in common with policy implementation across the Executive, there is now a requirement to deliver continuous improvement in service provision, and SWIA has developed a new quality improvement framework to assist the monitoring of performance.

18. The impact of these reforms was intended to streamline processes, promote earlier and more co-ordinated action by agencies, and reduce referrals to children's hearings. At this time, however, the number of referrals continues to grow.

19. In part, this is reflected in the impact of these reforms on staff workloads. The underlying assumption is that social workers will spend more time assisting families and less time processing cases. A whole range of such reforms placed additional
duties on social work, including provisions for supporting children affected by disability, children whose parents are involved in drug misuse, and providing additional support for learning.

20. The Executive has acknowledged that this has implications for practice and therefore has funded additional training and joint working developments, and provided some additional funding for foster care. It has also recognised the problems of recruitment and retention by developing a graduate programme that will produce additional social workers in the longer term.

21. The central assumption in the Executive's response to the proposals for the development of the social work function in Changing Lives (Scottish Executive 2006) appears to be that this can be achieved by refocusing activities in workloads, supported by funding for training. In my experience, that is an unrealistic assumption. Changing Lives notes that deprivation is growing, and this can leave social work resources ‘particularly stretched. Society will need to find long term and more effective ways to change those communities if an inexorable rise in social problems and the caseload of social work services is to be halted’ (p.20). In short, ‘refocusing on the core values of social work’ will not suffice.

22. Similarly, the report observes that the Social Work Inspection Agency, the Care Commission and the Scottish Social Services Council are ‘part of a bigger shift towards setting clear and measurable standards as a means to both ensure public safety and drive up the quality of services’ (p.21).
23. Service improvements on this scale require additional funding. There is little point in ministers flagging up the ‘ways’ to improve service if they fail to provide the ‘means’. The report also notes the impact of similar pressures in recent years, because of:

‘ - shortages of social workers able and willing to work in this demanding and highly pressurised environment. While the situation is improving, it has left a legacy in some authorities of unallocated cases, high thresholds before a service can be provided, inexperienced frontline staff, and a culture of crisis intervention’ (p.23).

24. These pressures are already being recorded in SWIA inspection reports. In one council, where the number of looked after children increased by 10% between 2004 and 2005, problems of delivery highlighted a shortage of foster care and respite families, and a need to improve services for children affected by parental alcohol or drug misuse. These pressures will require real increases in funding, as the budget for residential placements was overspent by £3.6m or 18% of the children and families budget (SWIA 2006a p.62).

25. In the SWIA inspection report on a second council (SWIA 2006b), reference is made to actions necessary to deal with capacity problems (recruitment and retention of social workers), including enhanced pay for qualified staff, a graduate recruitment scheme payment of £9k to new staff, and the introduction of an initiative scheme, linking salary to competence. These add to staff costs (p.46 – 47).

26. The council also made investments in new residential child care provision, and planned further investments in foster care following the significant improvement in fees and allowances for foster carers (p.44). The Inspectorate also noted:
‘that a major overspend had occurred in the current child and family budget (which was increased by over £1m from 2004-5 to compensate for the previous year’s overspend). This was due to:

- an increase in the number of care packages purchased from external providers;
- increases in the level of services required to be provided due to on-going legislative requirements’ (p.51).

27. This is consistent with the identification of budget issues as one of the key challenges facing social work in the Changing Lives summary report, with the result that professional leadership has been eroded by pressure to manage services and budgets (p.9). The Executive’s response to Changing Lives acknowledges the need for investment in training for social workers, and developing the whole workforce (p.11). However, the report of the Advisory Council on the Misuse of Drugs (Scottish Executive 2006b) went further in a set of recommendations for all social work services, which are appropriate for the entire range of children’s services.

These are:

- an integrated approach, based on a common assessment framework;
- adequate staffing of children and family services in relation to assessed needs;
- appropriate training of children and family service staff;
- a co-ordinated range of resources capable of providing care support to families;
- sufficient provision of foster care and respite care;
- efficient arrangements for adoption when this is considered the best option;
- residential care facilities that produce a genuinely caring environment for those children for whom this is the only realistic option (p.51).

28. These proposals will not be implemented if the intention is to fund them by ‘refocusing’ existing workloads. Some of these are new tasks – not alternatives - and all require training, and also require staffing cover during attendance at training. As the implementation plan for ‘Getting it Right for Every Child’ (Scottish Executive 2005) observed, these proposals:

‘are a model of best practice. To achieve the standards proposed will require considerable investment in staff, systems and support structures. The time required will mean much smaller caseloads....’
29. Policy and organisational developments reflected in legislation and guidance have already added to the cost of delivering children’s social work services. Executive failure to resource these adequately has created a significant funding gap between budgets and grant support levels through GAE. If the system has been in crisis as Changing Lives concludes, the situation would have been much worse if authorities had simply budgeted for the indicative expenditure levels in GAE from 2003-4 to 2006-7.

**Spending Assessment for SR2007**

30. Decisions on how much to spend on social work services are – like all public services – matters of political judgement. This review has shown that the thrust of Executive policy post-devolution has been to reform children’s social work services into a national service locally delivered, through setting service standards and regulating authorities for their performance in delivering them, reducing the degree of local discretion in the process.

31. In the long run, this will make social work more akin to education and police as services driven by national policy initiatives, than heavily discretionary services such as leisure and recreation or public libraries. When combined with the statutory requirement to deliver continuous improvement, this change will undoubtedly push up the levels of service provision, but at a cost.

32. Setting the totals of funding provision in GAE is an imprecise task, as the information on which to base these judgements is always imperfect. What the analyst can do is to project the likely increases in cost on the basis of current trends
and policies. If the funding support for local government as a whole continues the pattern of restraint set in the 2004 Spending Review, the resources required to fund these developments in children’s social work services will be difficult to deliver. A fundamental reappraisal of the financial assumptions in the local government financial settlement for SR2004 is required.

33. This problem received specific attention in the Scottish Parliament’s Finance Committee report on the Draft Budget for 2006 – 2007, highlighting the inequity in the efficiency targets set for local authorities in comparison with the Executive’s own departments and arguing for additional funding ‘to prevent inappropriate cuts in services’ (SPFC 5th Report, 2005, p.6).

34. This section sets out the sums of money required on current trends simply to maintain the current financial position. I have obtained the financial data from CIPFA for 2006-7, and it confirms the trends identified in my preliminary report. Whereas the previous trend in GAE was for real growth of 2% per annum, the provision for 2006-7 is for growth of 0.6%, which falls to -2% by 2007-2008.

35. In 2006-7, the cash provision in GAE is £255.2m, compared with local authority budget provision of £415.8m, which increases the funding gap between GAE and spending to £160.6m or 63%, whilst overall the social work excess over GAE has risen from 4.5% to 5.5%, or £110.3m.

36. The updated position is set out in Table 2 below.
### Table 2: Comparison of Expenditure Estimates and GAE, 2006-7

<table>
<thead>
<tr>
<th></th>
<th><strong>Estimates</strong> (£m)</th>
<th><strong>GAE</strong> (£m)</th>
<th><strong>Funding Gap</strong> (£m)</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community and Residential Care</td>
<td>268.2</td>
<td>143.4</td>
<td>124.8</td>
<td>87</td>
</tr>
<tr>
<td>Day Care</td>
<td>43.2</td>
<td>38.3</td>
<td>4.9</td>
<td>13</td>
</tr>
<tr>
<td>Casework and Administration</td>
<td>104.4</td>
<td>73.5</td>
<td>30.9</td>
<td>42</td>
</tr>
<tr>
<td><strong>Total Children's Social Work</strong></td>
<td>415.8</td>
<td>255.2</td>
<td>160.6</td>
<td>63</td>
</tr>
<tr>
<td><strong>Total Social Work</strong></td>
<td>2118.2</td>
<td>2007.9</td>
<td>110.3</td>
<td>5.5</td>
</tr>
</tbody>
</table>

37. The clear problem in the GAE provision is the failure to recognise the financial consequences of growing numbers of children in care, (1.5%) per annum; and the increasing costs of care provision (around 4% per annum in real terms) since 2000.

38. The mix of looked after children, however, has changed somewhat over this period, with the number at home and in residential care remaining broadly stable whilst the number of children in foster care and other community placements has grown significantly. If this trend continues it will put further pressure on the need for and recruitment of foster carers.
### Table 3: Numbers of Children Looked After 2000 – 2005

<table>
<thead>
<tr>
<th>Year</th>
<th>At Home</th>
<th>Foster Care</th>
<th>Other Community</th>
<th>Residential Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>5270</td>
<td>3181</td>
<td>1274</td>
<td>1585</td>
</tr>
<tr>
<td>2001</td>
<td>4842</td>
<td>3280</td>
<td>1195</td>
<td>1582</td>
</tr>
<tr>
<td>2002</td>
<td>4909</td>
<td>3328</td>
<td>1409</td>
<td>1595</td>
</tr>
<tr>
<td>2003</td>
<td>4851</td>
<td>3468</td>
<td>1518</td>
<td>1550</td>
</tr>
<tr>
<td>2004</td>
<td>4982</td>
<td>3608</td>
<td>1518</td>
<td>1567</td>
</tr>
<tr>
<td>2005</td>
<td>5179</td>
<td>3660</td>
<td>1807</td>
<td>1539</td>
</tr>
</tbody>
</table>

39. In practice, the growth in numbers in care of itself would have increased the need for additional social workers and social work assistants to support children and their families and to service the necessary administration and casework. When combined with the pressures to train staff, refocus workloads, reduce caseloads, and participate in joint working, the pressures to recruit and train social workers have grown, and will continue to grow over the next Spending Review cycle.

40. My preliminary report also recorded the growth in costs of residential provision. This is not driven by growth in numbers, as they have remained broadly stable. So too have the numbers of residential staff dealing with children, there were 2009 in 2000, and 2037 in 2005. The growth in fee levels reflect the National Care Standards, other national policies and commercial decisions, and is clearly a difficult pressure to accommodate and one that is out with social work control (Children’s Social Work Statistics, 2005 Table 3).

41. Over the period 2001 to 2006, the number of social workers in post has grown from 3873 to 4787, an increase of 24%, or nearly 5% per annum. This was as per Executive policy, but only possible because of the growth in locally funded expenditure and council tax levels. The GAE for casework and administration grew by 3.9% per annum, or 1.2% in real terms over the period 2000 – 2005, and only stood still in 2006-7, whilst it will fall in real terms by 2% in 2007-8. By contrast, actual spending on casework and administration grew by 6.3% per annum, which would have helped accommodate the increased numbers of social workers, and the funding shortfall on GAE (see Appendix One).
42. Spending Review 2007 will take place next summer. On current plans, the GAE for children’s social work services will fall by 2% in real terms, at a time of growing need for and cost of providing services. Cost pressures will be added to with the expansion in the number of available places in secure accommodation increasing from 93 to 125. The Scottish Executive estimated that the average cost for this type of provision was £3458 per person per week in 2004-5, making a total cost of £17m – an 8% increase on the previous year. If that trend of increased cost was to continue over the Spending Review cycle to 2010-11, with the higher level of provision available, the baseline figure for 2007-8 of £21m would have to be increased to £28m, and the provision for 2010-11 of £27m would need to increase to £36m.

43. GAE is the Executive’s calculation of what authorities need to spend on children’s social work services to provide a standard level of service with an average level of efficiency. If the percentage shortfall is not to worsen, and current expenditure trends continue, GAE will need to increase by 6.6% to around £330m. On current trends, the spending on children’s social work services would be £537m leaving a funding shortfall of around £207m by 2010-11.

44. This growing deficit is wholly exceptional for a major local authority service. Whilst the Executive has provided additional funding for new initiatives and joint working, it has neglected core funding of children’s services. Narrowing the funding gap requires much more realistic financial assumptions over the next Spending Review cycle. Reducing the gap will require above average increases in GAE over a number of years. In the overall context of tighter spending settlements, the Executive can no longer rely on local authorities to continue to
provide the additional resources necessary to safeguard vulnerable children in accordance with its policies.

**Conclusions**

45. The funding shortfall between GAE provision and local authority expenditure on core children's social work services has been growing since 1995, and now amounts to £161m, or 63%.

46. This has arisen because GAE funding has failed to match the growth of numbers of looked after children, the increased costs of purchasing provision for them, and the Executive's own policy agenda of setting and improving service standards.

47. These trends are expected to continue over the next Spending Review cycle, and the GAE for children's social work services will require to be increased by around £222m to ensure the current funding gap does not widen any further. In addition, this would directly reduce the pressure on council tax and other council budgets.

48. Additional funding to provide a more realistic baseline will require progress over the whole Spending Review cycle. There are, however, three fundamental weaknesses in the current financial and regulatory framework.

49. First, central government's agenda for the past decade has been to develop a mixed economy of provision with increasing emphasis on the roles of the voluntary and private sector. This is a key factor in community and residential care, and ironically, has not resulted in competitive pressure over price, but in increased charges for care. **There is a clear need to review the funding arrangements**
for such care to ensure that regulation covers costs as well as standards of provision, as responsibility for policing standards without responsibility for regulating charges is not conducive to accountability.

50. This observation is also relevant to the second weakness: the lack of discretion authorities, as funding bodies, have in responding to the decisions of children’s hearings. This too, requires review, as local tax payers face the consequences of the combined effect of such decisions exceeding funding support provided by the Executive.

51. The final concern reflects the validity of the current needs assessment model in GAE. At the moment, it is based on the assumption that it seeks to fund authorities to provide an average or similar level of service with a similar degree of efficiency. This central concept is never defined and is simply assumed to equate to average expenditure in the application of regression analysis in the client group method.

52. This would not be so problematic if the expenditure provision in a service that is essentially demand and policy led was closely correlated with estimates. It is not. Therefore, there is a strong case for reviewing the formula for funding social work services to incorporate an assessment of the cost of funding these new standards. This should be possible. If the standards set can be measured with rigour, so can the costs of provision. This mismatch between policy and finance is at the core of this funding shortfall problem.
53. What is clear is that the status quo is a recipe for instability and uncertainty over the funding, provision and effectiveness of children’s social work services, which are vital to the well being of children in need of care and protection.
Appendix One

Comparison of GAE and Actual / Anticipated Expenditure

Children’s Social Work Services

2000/01 to 2006/07

<table>
<thead>
<tr>
<th></th>
<th>Actual / Estimate (£m)</th>
<th>GAE (£m)</th>
<th>Funding Gap (£m)</th>
<th>Funding Gap %age</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2000/01</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community and Residential Care</td>
<td>172.6</td>
<td>112.1</td>
<td>60.5</td>
<td>54</td>
</tr>
<tr>
<td>Day Care</td>
<td>44.7</td>
<td>31.2</td>
<td>13.5</td>
<td>43.3</td>
</tr>
<tr>
<td>Casework and Administration</td>
<td>80.4</td>
<td>59.8</td>
<td>20.6</td>
<td>34.4</td>
</tr>
<tr>
<td>Total Children’s Social Work</td>
<td>297.7</td>
<td>203.1</td>
<td>94.6</td>
<td>46.6</td>
</tr>
<tr>
<td>Total Social Work</td>
<td>1,223.4</td>
<td>1,144.4</td>
<td>79.0</td>
<td>6.9</td>
</tr>
<tr>
<td><strong>2006/07</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community and Residential Care</td>
<td>268.2</td>
<td>143.4</td>
<td>124.8</td>
<td>87</td>
</tr>
<tr>
<td>Day Care</td>
<td>43.2</td>
<td>38.3</td>
<td>4.9</td>
<td>12.8</td>
</tr>
<tr>
<td>Casework and Administration</td>
<td>104.4</td>
<td>73.5</td>
<td>30.9</td>
<td>42</td>
</tr>
<tr>
<td>Total Children’s Social Work</td>
<td>415.8</td>
<td>255.2</td>
<td>160.6</td>
<td>62.9</td>
</tr>
<tr>
<td>Total Social Work</td>
<td>2,118.2</td>
<td>2,007.9</td>
<td>110.3</td>
<td>5.5</td>
</tr>
</tbody>
</table>
References


Scottish Executive (1999) Information on Children Looked After as of 31 March 1999


From the President Councillor Pat Watters

20 October 2006

Iain Smith MSP
Convener, Education Committee
The Scottish Parliament
Edinburgh
EH99 1SP

Dear Iain

Scottish Executive Education Budget 2007/08

I refer to a letter received in COSLA on 3 October inviting us to give evidence to the Education Committee on the Scottish Executive’s proposed budget for 2007/08, enclosing information from the Finance Committee indicating a number of issues which may be of interest. I am grateful that the Education Committee has invited us to comment on this matter, however, as discussed with the Clerk, Eugene Windsor, COSLA is unable to give oral evidence on the dates offered, and in any case I would like to clarify COSLA’s views and the current position with regard to the 2007/08 budget.

As a result of the announcement of the Spending Review in 2004, which covered 2005/06 to 2007/08, you may be aware that COSLA immediately responded by indicating that the resources overall were insufficient to sustain services and that whilst 2006/07 would cause problems, the real problems lay ahead in 2007/08. At that time, we sought a meeting with the Minister for Finance to discuss the settlement and we had a meeting with Tom McCabe, who was then new in post. At that meeting, the Minister gave a commitment to review the position for 2007/08.

In leading up to budget setting for 2006/07, COSLA had further meetings with the Minister to discuss the possibility of reviewing resources for 2006/07 and indeed we conducted a very high profile public campaign around this. There were no additional resources available. However, the Minister did retain his commitment to review 2007/08.

COSLA has had a number of meetings with the Minister to discuss additional resources for 2007/08. These are private discussions and I am not able to provide further information on the detail of those discussions. However, I can assure the Committee that they are positive discussions and that COSLA is working in partnership with the Executive to try to secure additional resources for local government services. Given the ongoing nature of these discussions, it would not be appropriate to comment on budget allocations to specific services at this time. It is my intention that, as an organisation, we take a consistent stance on
spending pressures for 2007/08 and consider the local government settlement as a whole rather than entering into diverse examinations of specific elements of that settlement.

I hope that you will understand our position and look forward to reading the Minister’s contribution to your session next week.

Yours sincerely

Councillor Pat Watters
President
Finance Committee

21st Meeting, Tuesday 12 September 2006

Budget Process 2007 – 08 - Draft Budget Guidance to Subject Committees: Paper by the Budget Adviser

1. The budget process this year is again a short one, because of the postponement of the Spending Review until 2007, there has been no Stage One.

2. Members will also be aware from the figures that this is the tightest budgetary context in this Parliament with spending growing by 2.4% in real terms over 2006-7.

3. Therefore, there is no need for Committees to make recommendations for additional spending, but proposals to reorder priorities within portfolios would be considered.

4. The document also highlights changes in plans since last year, and Committee comments on these would be helpful.

5. This is the last budget in the current Parliament. The Finance Committee has put considerable effort into improving the quality of financial information in the document. Concerns remain over the Executive’s ‘objectives and targets’ approach. It would be helpful if Committees could reflect on the usefulness of the financial and performance information to them, and suggest ways of improving the presentation of the budget in the next Parliament.

6. In addition, Committees may also feel able to reflect on spending priorities within their portfolios and recommend any programmes they feel need to be prioritised for the next Parliament.

7. Last year, Committees were asked for views on the Executive’s Efficient Government Initiative. The Executive has recently published an Outturn Report for 2005-06 and the Finance Committee would be interested in any observations that subject committees may have on Efficient Government within their remit.

8. With these comments in mind, the Finance Committee would welcome responses on the undernoted key topics:

a) Is the Committee satisfied with the responses from Ministers to its recommendations for the 2006-7 budget?
b) Does the Committee wish to make any comments on the budgetary changes reported in the “New Resources” section?
c) Does the Committee wish to recommend any transfers of funding between programmes within its portfolio, with an explanation for the proposal?
d) Does the Committee have any proposals for improving the quality and relevance of financial and performance information in the Draft Budget which could be considered after the 2007 election?

e) Does the Committee wish to make any recommendations in budget proposals to its successors in 200x7? Is there any programme with a clear need for additional expenditure, or which members think is overfunded?

Professor Arthur Midwinter
September 2006
Draft Report on 2006-07 Budget

The Committee reports to the Finance Committee as follows—

Introduction

1. The Committee took evidence on 26 October 2005 from Peter Peacock MSP, Minister for Education and Young People, Philip Rycroft, Head of Schools Division, Colin MacLean, Head of Children, Young People and Social Care and Joe Brown, Head of Policy Support Unit, Education Department, Scottish Executive.

2. This report is based on the evidence provided to the Education Committee by the Minister and officials and is structured according to the questions posed to subject committees by the Finance Committee on the Scottish Executive’s draft 2006-07 budget.

Is the Committee satisfied with the responses from Ministers to its recommendations for the 2005-06 draft budget?

3. The Committee is concerned that a number of points made in last year’s budget report have not been fully addressed, and is disappointed that despite comments made last year, the budget has been presented in the same format. This report therefore reiterates a number of points made by the Committee in its report on the 2005-06 budget.

Does the Committee wish to raise any matter regarding the changes to spending plans referred in the ‘New Resources’ section?

4. During its work on the Education (Additional Support for Learning) (Scotland) Act 2004 and its subsequent implementation, the Committee has monitored the Scottish Executive’s progress within this critical area of its remit. The Committee notes that in its report on the 2005-06 draft budget, it expressed concern over the lack of clarity in tracking investment in additional support needs. During its scrutiny of the draft 2006-07 budget, the Committee was again unable to track overall expenditure on additional support needs across all departments as the New Resources and Transfers section of the document refers to transfers into the Health Department and the National Priorities Action Fund (see below). In

1 FI/S2/05/20/3. Considered by the Finance Committee on 20 September 2005.
evidence, the Minister for Education and Young People reassured the Committee that the overall budget for additional support needs was increasing. In order to aid transparency, the Committee believes that where there are interdepartmental transfers of funds, the net impact on expenditure across the entirety of the Scottish Executive’s budget should be clearly stated. The Committee thanked the Minister for Education and Young People for agreeing to provide more detailed information to it on the Scottish Executive’s total expenditure on additional support needs and how it was split between administration and delivery services.

**Does the Committee wish to recommend any specific changes to programme budgets within the portfolio? If so, which programmes should be increased and why, and which programmes should be reduced to fund such changes?**

5. The Committee notes that total expenditure on Scottish preschool and school education amounts to over £4 billion. The Scottish Executive’s Education Department’s Total Managed Expenditure in its proposed budget for 2006-07 is £597.9 million. This represents less that 15% of the total Scottish expenditure with the remaining 85% coming from local authority grant aided expenditure. 30% (£176.3 million) of the central Scottish Executive budget is contained within one individual budget line: the National Priorities Action Fund. However, there is no explicit information provided on what this budget line contains. Transparency over the contents of this budget line is vital because, as the Minister for Education and Young People said, the National Priorities Action Fund: “… is an important part of how we drive and incentivise change in certain areas …”

6. Therefore, in order for the Committee to assess how the Scottish Executive is funding activities to drive its changes or emphases in its education policies, explanation of the detailed content of the National Priorities Action Fund below Level 3 would be valuable to improve the Committee’s understanding and scrutiny of the Scottish Executive’s future policy directions.

7. The Committee again thanks the Minister for his commitment to provide additional detail on the content of the National Priorities Action Fund. However, the Committee notes that precisely the same concern was raised in last year’s Stage 2 budget report and recommends that, irrespective of whether it complies with the agreed pan-departmental approach to the presentation of the budget, details of the National Priorities Action Fund below Level 3 are made explicit in the Education and Young People section of the draft budget as they are critical tool for driving policy changes.

8. The Committee notes that for the other 85% of expenditure on preschool and school education, the Scottish Executive has not indicated any plans to specify what performance information would be required to track future performance.

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Is the Committee content with the Statement of Priorities set out in its portfolio chapter?

9. The Committee shares the Scottish Executive’s priorities for education and young people. However, it remains uncertain as to how the Scottish Executive reassures itself that its extensive suite of objectives, targets and priorities will be delivered when there is no direct alignment with local authorities’ objectives, targets and priorities. The Minister for Education and Young People referred to a “fundamental tension”\(^3\) in the relationship between central and local government and noted the development of outcome agreements on teacher numbers, that will enable local authorities to provide locally appropriate solutions which collectively satisfy the Scottish Executive’s national requirements. The Committee recognises the challenge of allowing local authorities the flexibility to develop and implement local solutions while ensuring that national priorities are delivered and looks forward to receiving feedback from the Minister on the results of the outcome agreements during next year’s budget process and what performance information on the total £4 billion expenditure should ideally be publicly available to all interested parties.

10. The Committee also notes the ongoing study by Audit Scotland of the implementation of the McCrone recommendations and use of the additional McCrone funding by local authorities.

Does the Committee have any comments to make regarding the cross-cutting issues set out in its portfolio?

11. The Committee did not specifically discuss this issue with the Minister for Education and Young People but encourages the Finance Committee to explore how the Scottish Executive monitors performance in the three cross cutting issues areas across departments.

Is the Committee content with the efficiency proposals identified for its portfolio? Are there projects to promote efficiency that the Committee would like to see considered by the Executive?

12. The Committee noted that the degree of devolved school management varied between local authorities. Clearly, some of this variability may be accounted for by differences in definition and accounting practice. However, differences in the degree of devolved school management could impact on the potential scale of efficiency savings between local authorities. Local authorities with higher levels of devolution will have less scope for central efficiency savings than those where more funding is held centrally.

13. The Committee asked the Minister for Education and Young People and officials for reassurance that pressure to achieve efficiency savings would not compromise the Education Department’s performance in delivering its commitments. The Minister replied that, although the efficiency targets would necessitate a decrease in the degree of spending discretion, there would be no reduction in performance. The Committee believes that there is a case for the

\(^3\) Peacock, Official Report, Education Committee, 26 October 2005, column 2721.
Finance Committee to conduct post hoc scrutiny of the Scottish Executive’s efficiency saving programme.

14. The Committee was pleased that local authorities had been asked by the Minister for Education and Young to exempt education from efficiency savings but noted that this places greater pressure on other aspects of local authorities’ portfolio of services, especially given the large percentage of local authority expenditure that education represents. The Committee was reassured that there was no intention to pass efficiency targets down to individual schools. Nevertheless, the Committee questions how the Scottish Executive can be certain that education budgets will be exempt from the requirement to find efficiency savings, when these budgets are set locally by individual local authorities.
DRAFT BUDGET 2007-08

As you know, the Draft Budget 2007-08 was published on 08 September. I thought it would perhaps be helpful, ahead of our meeting on 24th October, to provide an update on issues we discussed last year. As you know, the format of the Draft Budget is agreed by the Finance Committee and the Executive, and there is no scope to adapt individual portfolio chapters to provide additional material.

Particular themes from last year were:

- the provision of more detailed information on ASN and NPAF - Annexes A and B provide data which we could not incorporate in the budget document

- work with local authorities to focus more on agreed outcomes - Annex C outlines this ongoing process

- Efficient Government where the Committee recommended that “the Executive clarify its position with respect to efficiency savings in education budgets and the Minister’s advice on education exemptions from the Efficient Government plan”. Last year I said that the Executive exempted education from efficiency gains specifically because we seek to grow teacher numbers. The Efficient Government Plan states that “pay provision for education, police and fire was excluded from Efficiency Gains”. I trust that it is clear that pay provision, which is a substantial element of education expenditure was excluded from efficiency savings,

- The Audit Scotland study of McCrone spending which has of course been published.
I do of course welcome the Committee’s vigorous scrutiny of the Draft Budget and recognise the importance of access to detailed information. I remain committed to openness and accountability and will strive to respond fully to any specific issues prioritised by the Committee. Can I therefore suggest that we invite the Clerk to the Committee and Joe Brown, the Education Department’s Business Manager to work together to prepare for a constructive dialogue.

PETER PEACOCK
In reviewing the 2006-07 Draft Budget, the Committee reiterated a wish to track overall expenditure on additional support needs across portfolios. I agreed to provide the Committee with more detailed information. However, it has not been possible to accommodate that information within the agreed structure of the Draft Budget document.

As such, the following table sets out funding which will provide directly for children with additional support needs:

<table>
<thead>
<tr>
<th>Funding</th>
<th>Description</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASL Act</td>
<td>To support the education of pupils with additional support needs.</td>
<td>14.0</td>
</tr>
<tr>
<td>Inclusion</td>
<td>To support the inclusion of pupils in the widest sense – covers all pupils with additional support needs.</td>
<td>25.0</td>
</tr>
<tr>
<td>Accessibility Strategies</td>
<td>To improve physical accessibility and curricular accessibility for disabled pupils.</td>
<td>17.0</td>
</tr>
<tr>
<td>In-Service Training</td>
<td>For staff development for all staff (teachers, auxiliaries, and psychologists) working with pupils with additional support needs. This provision can also be used by multi-disciplinary training involving eg health service therapists</td>
<td>8.4</td>
</tr>
<tr>
<td>Discipline/behaviour alternatives to exclusion</td>
<td>Funding made available through the Discipline Task Group recommendations, Better Behaviour – Better Learning, and, to support initiatives relating to alternatives to exclusion.</td>
<td>10.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>11.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>85.4</strong></td>
</tr>
</tbody>
</table>

The findings of the Beattie Committee Report *Implementing Inclusiveness: Realising Potential* into improving post-school transitions were the catalyst for additional funding from the Executive in April 2001. This funding was used to develop an inclusiveness and key worker service for young people with additional support needs which is now delivered as part of Careers Scotland's suite of services; to improve access to and inclusiveness within the Further Education sector for young people with additional support needs; and to pilot the development of post-school psychological services (12 local authority Pathfinders) building on the current local authority educational psychological services. Additional developments aimed at further improving support for young people with additional support needs are currently under consideration in the NEET (Not in Education, Employment or Training) Strategy to be published shortly.

In addition, there is also funding available which will impact on the education of children with additional support needs.

The following table shows some examples of funding which supports all children, including those with additional support needs.
<table>
<thead>
<tr>
<th>Funding</th>
<th>Description</th>
<th>£m</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Buildings</td>
<td>For capital work on school buildings. Ministers have approved revenue support for School PPP projects worth an indicative capital amount of nearly £2 billion.</td>
<td>101.4</td>
<td>101.4</td>
</tr>
<tr>
<td>Changing Children’s Services Fund</td>
<td>To support better integration of services for children and young people, in particular for those with additional support needs.</td>
<td>65.6</td>
<td>65.5</td>
</tr>
<tr>
<td>Information and Technology</td>
<td>Staff development, support for a range of online communities, and provision of online educational resources. Digital content conforms to accepted accessibility standards. (Spend via SE and LTS)</td>
<td>20.0</td>
<td>14.0</td>
</tr>
<tr>
<td>School Infrastructure NGFL / GLOW</td>
<td>Used by education authorities to support ICT infrastructure in schools. Can be used for a variety of ICT equipment and services. (Spend via LA’s)</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Unified Voluntary Sector Fund</td>
<td>Direct grant funding for national voluntary organisations working with children’ young people and families. Sure Start Scotland provides support for vulnerable families with very young children (0-3 years), which can include children with disabilities or special needs</td>
<td>7.2</td>
<td>7.2</td>
</tr>
<tr>
<td>Sure Start Scotland</td>
<td></td>
<td>56.9</td>
<td>59.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>271.1</strong></td>
<td><strong>268.0</strong></td>
</tr>
</tbody>
</table>
NATIONAL PRIORITIES ACTION FUND - SPENDING BELOW LEVEL 3

The Committee wanted to assess how the Executive is funding activities to drive its changes or emphases in its education policies and asked for explanation of the content of the National Priorities Action Fund below Level 3 which would be valuable to improve the Committee’s scrutiny of the Executive’s future policy directions.

I agreed to provide additional detail on the content of the NPAF below level 3. It should be noted that authorities have flexibility in how they deploy these resources but the notional breakdowns for 2006-07 and 2007-08 are as follows:

<table>
<thead>
<tr>
<th>Service</th>
<th>2006-07</th>
<th>2007-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integration in School Education</td>
<td>25.816</td>
<td>25.816</td>
</tr>
<tr>
<td>Inclusion</td>
<td>25.000</td>
<td>25.000</td>
</tr>
<tr>
<td>Support for Teachers</td>
<td>9.600</td>
<td>9.600</td>
</tr>
<tr>
<td>Out of School Hours Learning/ Study Support</td>
<td>12.000</td>
<td>12.000</td>
</tr>
<tr>
<td>ASL Support</td>
<td>12.500</td>
<td>12.500</td>
</tr>
<tr>
<td>ASL INSET</td>
<td>7.186</td>
<td>7.186</td>
</tr>
<tr>
<td>CPD</td>
<td>13.500</td>
<td>13.500</td>
</tr>
<tr>
<td>Alternatives to Exclusion</td>
<td>11.000</td>
<td>11.000</td>
</tr>
<tr>
<td>Support for Parents</td>
<td>8.000</td>
<td>8.000</td>
</tr>
<tr>
<td>Discipline - (DTG recommendations)</td>
<td>10.000</td>
<td>10.000</td>
</tr>
<tr>
<td>Staged Intervention</td>
<td>0.480</td>
<td>0.480</td>
</tr>
<tr>
<td>Support Staff</td>
<td>10.800</td>
<td>16.600</td>
</tr>
<tr>
<td>ICT Infrastructure – Glow (SSDN)</td>
<td>20.000</td>
<td>20.000</td>
</tr>
<tr>
<td>Nutrition</td>
<td>26.762</td>
<td>26.762</td>
</tr>
<tr>
<td>Un-attributed *</td>
<td>2.432</td>
<td>6.332</td>
</tr>
<tr>
<td>TOTAL (as per budget document)</td>
<td>195.076</td>
<td>204.776</td>
</tr>
</tbody>
</table>

Planned additions:

- 53,000 teachers commitment         | 18.000   | 44.000   |
- Accelerated 53,000 teachers commitment | 12.070   | -        |
- Support Staff – additional element  | 0.500    | 0.500    |
- Curriculum for Excellence           | 2.798    | tbc      |
- Parental Involvement                | 0.673    | tbc      |
- Job Sizing (McCrone)                | 7.471    | tbc      |
- Funding for primary teacher PE training | 0.400    | -        |

Total additions                      | 41.912   | 44.500   |

TOTAL NPAF (including additions)     | 236.988  | 249.276  |

* In 2006-07, this element has been consolidated with £12.070m and provided to authorities as ‘Accelerated 53,000 teachers commitment’ allowing them to increase the number of teachers they employ prior to the 2007 deadline for the 53,000 fte teacher commitment. I have yet to decide how to deploy the £6.3m element in 2007-08.
OUTCOME AGREEMENTS:

Teachers

As a follow-up to the Statement of Priorities set out in the portfolio chapter, the Committee sought feedback on the results of the outcome agreements during the budget process and what performance information on the total £4 billion expenditure should be publicly available.

The main focus on outcome agreements in education this year has been in relation to teacher numbers within local authority schools.

As the Committee will be aware, funding was secured in the last SR for the additional teachers required, over and above the numbers employed by education authorities at the time of SR2002. The total additional sums involved are £18m in 2006-07 and £44m in 2007-08. This is alongside the significant increases of probationers coming onto the Induction Scheme (some of whom will be fully funded by the Executive, as in previous years), will allow authorities to reduce class contact time and:

- reduce classes in P1 and S1/S2;
- provide 400 PE specialists and 600 visiting specialists in the expressive arts and learning support working across the Primary/Secondary boundary;

which, taken together, will meet the commitment that there should be 53,000 fte teachers by 2007.

The release of funding for 2007/08 would only follow after each local authority confirmed that they were committed to the objective of increasing teacher numbers, as set out in the Partnership Agreement. Additionally, authorities need to show that they are working towards 2007 teacher employment being in line with agreed expectations.

National Priorities Action Fund – NPAF

The Committee may wish to know that more generally, we will reflect on the learning from the outcome agreements on teachers as we develop an outcome agreement approach for the NPAF. This will allow us to:

- deliver a clear understanding throughout the system of the purposes of the National Priorities in Education and their fit with policy initiatives;
- develop dynamic short-term national objectives for improvement linked to robust outcomes;
- support a more intelligent approach to delivery and measurement of school improvement based on local priorities;
- mainstream support and encourage more joint-working and sharing of effective practice between local authorities.
DRAFT BUDGET 2007-08 – EDUCATION COMMITTEE
ROSS BURNSIDE & KATE BERRY

This briefing has been prepared to assist the Scottish Parliament’s Education Committee in looking at the Draft Budget 2007-08. It presents trends in the budget, outlines the Scottish Executive’s objectives and targets in the Education and Young People portfolio and considers the latest developments in the Executive’s efficient government initiative.

This briefing primarily focuses on the Education and Young People’s budgetary portfolio, but notes the Education and Young People Grant Aided Expenditure (GAE).
CONTENTS

KEY POINTS OF THIS BRIEFING .................................................................................................................. 3
INTRODUCTION ........................................................................................................................................... 4
TRENDS IN THE BUDGET .......................................................................................................................... 4
  Statement of Priorities ............................................................................................................................. 6
  New Resources and Transfers .................................................................................................................. 6
OBJECTIVES AND TARGETS ..................................................................................................................... 7
EFFICIENT GOVERNMENT INITIATIVE ................................................................................................. 8
  Education and Young People Related Priorities .................................................................................... 10
GUIDANCE FROM BUDGET ADVISER ..................................................................................................... 11
SOURCES .................................................................................................................................................... 12
KEY POINTS OF THIS BRIEFING

- This year’s Draft Budget makes only minor changes to last year’s spending plans.
- Next year’s Draft Budget will incorporate the outcome of the 2007 spending review and provide Executive spending plans to 2011.
- Scottish Executive Total Managed Expenditure (TME) is set to increase in real terms by £725m in 2007-08 on 2006-07, an increase of 2.4%.
- The Education and Young People portfolio is set to increase in real terms by 7.8% in 2007-08 on the previous year – although it is important to point out that this is a relatively small budget. In cash terms, it is set to increase over the period by 10.6% (an increase of £61.6m).
- Education and Young People spending has increased at a faster rate than the Scottish budget overall during the course of this Parliament (2003-2007), namely 80.7% in real terms compared with real terms growth in the budget overall of 17.1%.
- Education and Young People spending (including specific grants) makes up 2.8% of the Scottish Budget in 2007-08, up from 1.9% in 2002-03.
- Spending on Schools makes up the largest proportion of Executive spending on Education and Young People, at 50.2% of the portfolio in 2007-08.
- There have been problems in measuring the claimed efficiency savings of the Scottish Executive due to a lack of adequate output data for government expenditure.
- The latest ‘efficiency technical notes’ published by the Executive identify six efficiency programmes in the Education and Young People portfolio.
INTRODUCTION

The Spending Review 2004 (Scottish Executive 2004a) set out the Scottish Executive’s spending plans for the three financial years to 2007-08. The ‘Draft Budget 2007-08’ (Scottish Executive 2006a), published on 8 September 2006, updates the Executive’s spending plans for 2007-08, based largely on new money coming to Scotland as a result of the UK Budget of 22 March 2006 (HM Treasury 2006). The figures in the ‘Draft Budget 2007-08’ are:

“largely the same as those published in ‘Draft Budget 2006-07’, with explanations given for any significant changes”. (Scottish Executive 2006a, p 7)

Total Managed Expenditure (TME) in 2007-08 is set to increase, in real terms, on 2006-07 by £725m (an increase of 2.4%). The main beneficiary in the budget is the Health portfolio which increases in real terms by £483m (an increase of 5.1%), representing two-thirds of the growth monies. The Education & Young People portfolio also increases above trend, with its budget increasing by 7.8% in real terms.1 The only other budget line to increase more than the overall rate of budget growth (ie 2.4%) is the Tourism, Culture & Sport portfolio, which increases by 4.2% in real terms.

Monies allocated to the Environment & Rural Development (+2.0%); Communities (+0.8%); Enterprise & Lifelong Learning (+1.1%); Transport (+1.2%); Finance & Public Service Reform (+0.8%); and Justice (+2.1%) portfolios are all set to increase in real terms, but by less than the overall budget growth rate of 2.4%. The Administration (-2.5%) and Crown Office & Procurator Fiscal Service (-1.1%) portfolios are set to see their budgets shrink in real terms over the next financial year.

The UK Chancellor has postponed the next UK Spending Review until 2007. As a result, this year’s draft budget makes only minor changes to last year’s spending plans. Next year’s draft budget will incorporate the outcome of the spending review and roll forward spending plans to March 2011.


1 It is important to point out that the Education and Young People budget line is relatively small. The vast majority of education spending comes out of the Lifelong Learning and Local Government Budget lines.

TRENDS IN THE BUDGET

The remit of the Education Committee covers the budgetary portfolio of the Education and Young People portfolio and the Grant Aided Expenditure (GAE) for Education and Young People which ultimately translates into spending by local authorities through Aggregate External Finance (AEF). The ‘Draft Budget 2007-08’ provides for TME for the Education and Young People portfolio to be £580.2m in 2006-07, rising in real terms to £625.2m in 2007-08 (figures are stated using 2006-07 prices). This represents a real terms increase of 7.8% in the Education and Young People budget. The GAE for Education and Young People is presented in the
budget in cash terms. It is set to increase in cash terms from £4,297.3m in 2006-07 to £4,428.2m in 2007-08, representing an increase of 3.0%, or a real terms increase of 0.4%.

Table 1 reproduces figures from the ‘Draft Budget 2007-08’ setting out level 2 spending plans for Education and Young People in cash terms, with table 2 converting to real terms.

Table 1: Education & Young People Spending Plans in cash terms, 2002-2008 (level 2)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Schools</td>
<td>139,439</td>
<td>184,130</td>
<td>256,068</td>
<td>236,228</td>
<td>295,698</td>
<td>322,295</td>
</tr>
<tr>
<td>Children, Young People and Social Care</td>
<td>74,825</td>
<td>109,705</td>
<td>161,249</td>
<td>182,689</td>
<td>204,536</td>
<td>219,553</td>
</tr>
<tr>
<td>School Buildings/ PPP</td>
<td>10,000</td>
<td>5,000</td>
<td>10,000</td>
<td>69,300</td>
<td>80,000</td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>224,264</strong></td>
<td><strong>298,835</strong></td>
<td><strong>427,317</strong></td>
<td><strong>488,217</strong></td>
<td><strong>580,234</strong></td>
<td><strong>641,848</strong></td>
</tr>
<tr>
<td>Specific grants</td>
<td>180,420</td>
<td>148,346</td>
<td>181,130</td>
<td>206,210</td>
<td>210,136</td>
<td>220,436</td>
</tr>
<tr>
<td><strong>Total Education &amp; Young People budget</strong></td>
<td><strong>404,684</strong></td>
<td><strong>447,181</strong></td>
<td><strong>608,447</strong></td>
<td><strong>694,427</strong></td>
<td><strong>790,370</strong></td>
<td><strong>862,284</strong></td>
</tr>
</tbody>
</table>

1. Central Government spending, not including local authority GAE allocations
2. School Buildings/PPP not distributed to councils from Finance & Public Services portfolio along with other specific grants.

Table 2: Education & Young People Spending Plans in real terms, 2002-2008 (level 2) (at 2006-07 prices)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Schools</td>
<td>154,301</td>
<td>197,873</td>
<td>267,882</td>
<td>241,999</td>
<td>295,698</td>
<td>313,950</td>
</tr>
<tr>
<td>Children, Young People and Social Care</td>
<td>82,800</td>
<td>117,893</td>
<td>166,869</td>
<td>187,152</td>
<td>210,136</td>
<td>214,728</td>
</tr>
<tr>
<td>School Buildings/ PPP</td>
<td>11,066</td>
<td>5,373</td>
<td>10,461</td>
<td>70,993</td>
<td>80,000</td>
<td>97,411</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>248,167</strong></td>
<td><strong>321,139</strong></td>
<td><strong>447,032</strong></td>
<td><strong>500,144</strong></td>
<td><strong>580,234</strong></td>
<td><strong>625,229</strong></td>
</tr>
<tr>
<td>Specific grants</td>
<td>199,650</td>
<td>159,418</td>
<td>189,487</td>
<td>211,248</td>
<td>210,136</td>
<td>214,728</td>
</tr>
<tr>
<td><strong>Total Education &amp; Young People budget</strong></td>
<td><strong>447,816</strong></td>
<td><strong>480,557</strong></td>
<td><strong>636,519</strong></td>
<td><strong>711,392</strong></td>
<td><strong>790,370</strong></td>
<td><strong>839,957</strong></td>
</tr>
</tbody>
</table>

- The Education and Young People budget (including specific grants\(^2\)) will increase in real terms by £49.6m or 6.3% in 2007-08 on the previous year
- Between 2002 and 2008, total Education and Young People spending will increase in real terms by £392.1m, or 87.6%
- During the course of this Parliament (2003-2007) TME for Education and Young People will have increased in real terms by 80.7%. When specific grants are included, total Education and Young People spending will have increased in real terms by 64.5% in real terms. This compares with the Scottish Budget overall which will have increased by 17.1%
- Total Education and Young People spending (ie including specific grants) makes up 2.8% of the Scottish TME in 2007-08
- In 2002-03, total Education and Young People spending (including specific grants) made up 1.9% of the Scottish TME

\(^2\) Specific grants are in the Local Government portfolio (see Scottish Executive 2006a, p109).
“Schools” makes up the largest share of the Education and Young People portfolio spend, at 37.4% of the total

Table 3 provides the GAE for Education and Young People. The ‘Draft Budget 2007-08’ on p102 states:

“Grant Aided Expenditure (GAE) relates to the levels of local authority net revenue expenditure on core services that the Executive is supporting through grant. GAEs are not budgets but more a basis for the distribution of grant through Aggregate External Finance (AEF). Local Authorities are, however, free to allocate their available resources to each service on the basis of local need.”

Table 3: Grant Aided Expenditure (GAE) for Education and Young People, 2002-2008

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Education and Young People</td>
<td>3,381,678</td>
<td>3,599,631</td>
<td>3,950,289</td>
<td>4,177,397</td>
<td>4,297,266</td>
<td>4,428,206</td>
</tr>
</tbody>
</table>

A large proportion of local government spending is on relatively fixed costs, namely teaching and other support staff costs.

**Statement of Priorities**

Returning to the Education and Young People budgetary portfolio, the ‘Draft Budget 2007-08’ (p43) sets out the following priorities for 2007-08 within the portfolio:

- ensure that our children have opportunities to learn and develop in first class schools with modern facilities
- deliver more teachers and support staff in schools to provide more focused attention to their individual learning and development in order to improve attainment, particularly in literacy and numeracy, promote positive behaviour and help narrow the attainment gap
- reform the curriculum to increase pupil choice and to ensure that the school experience equips our young people with the skills and values they will need to live a healthy, productive and happy life in the modern world; and deliver improvements in outcomes for pupils across the 5 National Priorities in Education
- through implementation of the recommendations of the 21st Century Social Work Review, ensure that the social work profession and social work services are best fitted to provide quality outcomes for children and adults in need. Continue to develop the social care and social work workforce, as a key driver for improvements in the quality of provision
- introduce a modern, integrated and efficient system of inspection of children’s services and social work services
- reform children's services through legislation, guidance, systems improvement, capacity building and increased resources, to improve outcomes for all children, in particular those at greatest risk

**New Resources and Transfers**

The ‘Draft Budget 2007-08’ (p43-44) sets out the following new resources and transfers in the Education and Young People portfolio in relation to financial year 2007-08 (changes which have been made in the spending plans since the publication of last year’s Draft Budget):
Teachers
- a transfer of £10.8/16.6m to the National Priorities Action Fund in respect of Support Staff.

Support for Learning
- a transfer of £6.6/6.6m to the National Priorities Action Fund in respect of the Additional Support for Learning Act.

Early Education & Childcare/Children & Families
- a transfer of £3.12/3.22m from Children & Families to Early Education & Childcare in respect of the Family Fund.

National Priorities Action Fund
- a transfer of £10.8/16.6m from Teachers in respect of Support Staff. A transfer of £6.6/6.6m from Support for Learning in respect of the Additional Support for Learning Act.

OBJECTIVES AND TARGETS
The objectives and targets set out in the ‘Draft Budget 2007-08’ for the Education and Young People portfolio are reproduced below. They are identical to the objectives and targets presented in last year's Draft Budget.

In its report on last year’s Draft Budget, the Education Committee, in an Annex to the Finance Committee Report, stated:

“The Committee shares the Scottish Executive’s priorities for education and young people. However, it remains uncertain as to how the Scottish Executive reassures itself that its extensive suite of objectives, targets and priorities will be delivered when there is no direct alignment with local authorities’ objectives, targets and priorities”. (Scottish Parliament Finance Committee 2005)

<table>
<thead>
<tr>
<th>Objective 1</th>
<th>Closing the opportunity gap by: putting children and young people and their families first; ensuring they are safe and do not threaten the safety of others; promoting equality, inclusion and diversity; achieving and developing values and citizenship.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target 1</td>
<td>By March 2008, ensure that children and young people who need it have an integrated package of appropriate health, care and education support.</td>
</tr>
<tr>
<td>Target 2</td>
<td>By March 2008, have developed and implemented a single, coherent system of children’s services inspection and quality assurance, to promote continuous improvement in delivery across children's services as a whole and to provide transparent measures of service delivery standards.</td>
</tr>
<tr>
<td>Target 3</td>
<td>Deliver better quality services by implementing a new improvement and inspection framework to strengthen quality assurance across all social work services, beginning with services for people with learning disabilities and spreading to all social work services by March 2008.</td>
</tr>
<tr>
<td>Target 4</td>
<td>Increase the number of children in Gaelic-medium education year on year, and by 20% by December 2009.</td>
</tr>
</tbody>
</table>

Objective 2
Building capacity by: establishing an effective framework for learning; investing in infrastructure; and ensuring the workforce has the capacity to deliver high quality services.

| Target 5    | Increase teacher numbers to 53,000 by September 2007 and target these additional teachers on reducing class sizes in S1/S2 Maths/English and in P1.                                                    |
| Target 6    | Provide a modern, high quality learning environment through the completion of 300 either new or substantially refurbished schools by December 2009.                                                                                |
| Target 7    | Secure improved skills and qualifications in the social and child care workforce by: trebling the proportion of residential child care staff meeting the qualification requirements of the Social Services Register between 2003 and 2009; and |
increasing the proportion of early years, childcare and support staff meeting those qualification requirements from 66% in September 2003 to 85% in January 2009.

**Target 8**
By March 2008, increase by 25% the numbers of qualifying social workers; and provide all qualified social workers with the training they need, by increasing the average number of days' training each social worker gets by 10 days per year, to secure improved service delivery and outcomes.

**Objective 3**
Ensuring excellence by: maximising achievement and attainment; and providing a basis for Learning for Life.

**Target 9**
Increase the average tariff score of the lowest attaining 20% of S4 pupils by 5% by March 2008.

**Target 10**
Deliver improvements in outcomes for pupils across the five National Priorities in Education from the position as published in 2003, by ensuring local authorities set targets; by reporting publicly on progress by 2006; and by building on this to a second phase of local improvement planning with targets set by April 2007.

**EFFICIENT GOVERNMENT INITIATIVE**
The Minister for Finance and Public Services launched the Scottish Executive’s Efficient Government Plan in November 2004 – ‘Building a Better Scotland: Efficient Government – Securing Efficiency, Effectiveness and Productivity’ (Scottish Executive 2004b). This document outlined a total of £405m savings in 2005-06, rising to £745m recurring cash savings and £300m recurring time savings by 2007-08. In September 2006, the Executive reported on progress made on efficiency savings, in financial year 2005-06, in its ‘Efficient Government – Efficiency Outturn Report for 2005/06’ (Scottish Executive 2006b). This document stated that in 2005-06, the Executive had saved a total of £441.8m in cash and time efficiency savings (£36.8m more than targeted). The relevant figures, at departmental level, are reproduced in Table 4 below.

**Table 4: Progress in meeting Efficiency Savings (2005-06)**

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Target £m</th>
<th>2005-06</th>
<th>2005-06</th>
<th>2005-06</th>
<th>2005-06</th>
<th>2005-06</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Cash</td>
<td>Time</td>
<td>Total</td>
<td>Cash</td>
<td>Time</td>
</tr>
<tr>
<td>Administration</td>
<td>1.0</td>
<td>-</td>
<td>1.0</td>
<td>1.5</td>
<td>-</td>
<td>1.5</td>
</tr>
<tr>
<td>Communities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25.0</td>
<td>0.1</td>
<td>25.1</td>
</tr>
<tr>
<td>COPFS</td>
<td>3.0</td>
<td>-</td>
<td>3.0</td>
<td>2.8</td>
<td>-</td>
<td>2.8</td>
</tr>
<tr>
<td>Education &amp; Young People</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.5</td>
<td>11.7</td>
<td>12.2</td>
</tr>
<tr>
<td>Enterprise &amp; Lifelong Learning</td>
<td>5.0</td>
<td>-</td>
<td>5.0</td>
<td>7.6</td>
<td>18.0</td>
<td>25.6</td>
</tr>
<tr>
<td>Environment &amp; Rural</td>
<td>2.0</td>
<td>-</td>
<td>2.0</td>
<td>3.6</td>
<td>2.7</td>
<td>6.3</td>
</tr>
<tr>
<td>Finance &amp; Public Services</td>
<td>89.0</td>
<td>-</td>
<td>89.0</td>
<td>130.6</td>
<td>-</td>
<td>130.6</td>
</tr>
<tr>
<td>Health</td>
<td>166.0</td>
<td>-</td>
<td>166.0</td>
<td>165.5</td>
<td>11.3</td>
<td>176.8</td>
</tr>
<tr>
<td>Justice</td>
<td>7.0</td>
<td>-</td>
<td>7.0</td>
<td>7.6</td>
<td>10.9</td>
<td>18.5</td>
</tr>
<tr>
<td>Tourism, Culture &amp; Sport</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.3</td>
<td>-</td>
<td>0.3</td>
</tr>
<tr>
<td>Transport</td>
<td>7.0</td>
<td>-</td>
<td>7.0</td>
<td>16.9</td>
<td>-</td>
<td>16.9</td>
</tr>
<tr>
<td>Other: non NHS procurement</td>
<td>50.0</td>
<td>-</td>
<td>50.0</td>
<td>24.6</td>
<td>-</td>
<td>24.6</td>
</tr>
<tr>
<td>Scottish Water (non DEL)</td>
<td>75.0</td>
<td>-</td>
<td>75.0</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Registers of Scotland</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>405.0</strong></td>
<td>-</td>
<td><strong>405.0</strong></td>
<td><strong>386.5</strong></td>
<td><strong>55.3</strong></td>
<td><strong>441.8</strong></td>
</tr>
</tbody>
</table>

Source: Adapted from Scottish Executive 2006b
During the Education Committee’s budget consideration in 2005 the Minister for Education and Young People noted the relatively small efficiency savings expected in the education budget and that pay provision was excluded from the efficiency savings (Scottish Parliament Finance Committee 2005).

The Scottish Executive (2006c, paras 1.6-1.7) has produced the following definition of efficiency improvements:

“An ‘efficiency improvement’ is any activity which improves the ratio of outputs to resource inputs. Such improvements may therefore arise in two ways:

i. by producing the same outputs with fewer inputs. For the purposes of the Efficient Government Plan these are termed cash releasing savings,

ii. by producing more or better outputs for the same inputs. For the purposes of the Efficient Government Plan these are termed time releasing savings.

For the saving to be included in the Efficient Government Plan it must be recurrent.”

Thus, to measure efficiency it is necessary to measure both inputs and outputs. To measure improvements in efficiency it is necessary to measure inputs and outputs both at a baseline date and at a subsequent date (eg the following year). To demonstrate an efficiency gain between one year and the following year, four items of data are required:

- input (expenditure) in the base year
- output in the base year
- input in the following year
- output in the following year

Data on government expenditure is readily available and comparisons can be made of how expenditure changes between years. However, the outputs of government expenditure are very diverse. Such outputs are not always measured (or measurable) on a consistent basis from year to year and, as yet, there is no agreed set of weightings which allows outputs to be converted to a common unit of measurement. This makes it difficult to demonstrate how efficiency, over the totality of government activities, changes from year to year. For this reason, there has been debate as to the measurability of efficiency savings, with some claims that a lack of clear output measures for some public expenditure makes the process difficult to quantify. On 5 September 2006, the budget adviser to the Scottish Parliament’s Finance Committee stated:

“Efficient government (…) is a means of transferring resources from support to front-line services. Despite its title, it is a savings exercise and does not measure efficiency in any rigorous way. The new annual report that has come out simply lists savings but, as Caroline Gardner said in an earlier Audit Scotland report, ‘efficiency savings cannot be measured through changes in expenditure alone’.” (Scottish Parliament Finance Committee 2006, col 3849)

The Scottish Executive has recognised the difficulty in measuring public sector outputs. In the ‘Efficient Government – Efficiency Outturn Report for 2005/06’ (2006b, p 13) it stated that:

“Measuring and validating efficiency gains has been and will continue to prove a difficult challenge because the information systems that support public sector organisations were not always designed for this purpose. Improvement in
management information systems has to be achieved without diverting resources away from the primary objective of delivering improved and more efficient public services. These same challenges arise in the context of identifying appropriate baselines for the scope of the efficiency project in question, and also in connection with the ever-changing landscape against which the project has to be monitored (e.g. re-organisations which are unrelated to the Efficient Government programme).

We do not believe that it would be sensible to abandon those projects where it is not entirely possible to measure the efficiency contribution. Often the efficiency gains are a by-product of a wider service transformation and even if the gains cannot be fully measured the contribution to improved service delivery is no less important.

We recognise that various limitations in public sector data systems and the robustness of management information systems need to be addressed. This is a challenge for senior service managers. Nevertheless it is important to press ahead with the programme and not stall the gains to be made while waiting for systems to catch up. So while more focus is needed on unit costs as part of performance management, we should not suppose that highly detailed activity-based costing will always be justified.”

EDUCATION AND YOUNG PEOPLE RELATED PRIORITIES

The most recent education and young people related efficiency savings are outlined in some detail in the Scottish Executive’s recently published ‘Efficiency Technical Notes March 2006’ (Scottish Executive 2006c). These notes update similar notes published by the Executive in 2005. The Executive plans to periodically update the technical notes to reflect the latest information on the programmes involved.

The technical notes identify six programmes under the heading of Education and Young People. The last 4 targets were new in September 2005 and are all time releasing savings.

Table 5: Targets for Education and Young People related efficiencies (cash and time)

<table>
<thead>
<tr>
<th>Programme</th>
<th>2005-06 £m</th>
<th>2006-07 £m</th>
<th>2007-08 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency savings in the Scottish Qualifications Authority (cash releasing)</td>
<td>0.3</td>
<td>0.7</td>
<td>1.0</td>
</tr>
<tr>
<td>Savings from EYP central government expenditure (cash releasing)</td>
<td>0</td>
<td>4.2</td>
<td>9.8</td>
</tr>
<tr>
<td>School Building programme (time releasing)</td>
<td>1</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Use of classroom assistants (time releasing)</td>
<td>9</td>
<td>14</td>
<td>21</td>
</tr>
<tr>
<td>Improved access to downloaded teaching and learning resources (time releasing)</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Children’s Hearings (time releasing)</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Total Saving</td>
<td>10.3</td>
<td>21.9</td>
<td>45.8</td>
</tr>
</tbody>
</table>

Savings as % of Education and Young People TME 2.1% 3.8% 7.1%
Savings as % of EYP budget including specific grants 1.5% 2.8% 5.3%

Source: Adapted from Scottish Executive 2006a and 2006b
GUIDANCE FROM BUDGET ADVISER

The Finance Committee’s budget adviser (Arthur Midwinter) has produced guidance for the Scottish Parliament’s subject committees, in terms of their scrutiny of this year’s draft budget. This guidance can be summarised into the following points:

- are committees satisfied with the response to their recommendations for the 2006-07 budget?
- do committees wish to make any comment on the budgetary changes reported in the ‘new resources and transfers’ sections of the draft budget?
- do committees wish to recommend transfers of funding between programmes within their budgetary portfolios?
- do committees have any proposals for improving the quality and relevance of the financial and performance information contained in the draft budget?
- do committees have any recommendations on budget proposals for their successor committees (eg are there any programmes which committees believes require additional or less expenditure)?
SOURCES


providing research and information services to the Scottish Parliament