Lifelong Learning Directorate, Scottish Government

Universities Scotland

Association of Scotland’s Colleges

Scottish Funding Council

COSLA

Save the Children
New skills body

Ministers have set out a number of ambitions for the new skills body. By bringing together Careers Scotland, learndirect scotland and the key skills elements in Scottish Enterprise and Highland and Island Enterprise, the new body will help create a quite different landscape for skills and lifelong learning.

The body has been charged with developing a model of delivery which will combine all the benefits of a single national body - in terms of increased cohesiveness, scale and efficiency - with an improved local responsiveness to the demand for skills, to support local economic development. It will therefore have a central role to play as a catalyst for change, helping to drive the step change in skills set out in the Skills Strategy.

A key aim will be to bring greater cohesion in the delivery of information, advice and guidance on skills and learning and specific skills provision. This will include a focus on both individuals and employers. Employer engagement will be a crucial part of the new body's role.

The new body's success will ultimately depend not just on its own strategic delivery, but also on how effectively it is positioned to interact with the other key organisations in the wider skills landscape. The transition programme will therefore need to draw on contributions from a number of key stakeholder organisations, including local authorities, the Scottish Funding Council and Scotland’s colleges and universities, the trade unions and the Sector Skills Councils, and of course the re-focused Enterprise Networks.

The Scottish Government has begun a co-ordinated programme to establish the new skills body. This is being led by Mark Batho, Director of Lifelong Learning. The Programme Board which he chairs brings together the senior managers in the partner organisations forming the new body - Scottish Enterprise and Highlands and Islands Enterprise (in terms both of Careers Scotland and Skills and Learning and the Scottish University for Industry (SUfI)).

In parallel to the Programme Board and to Billy Allan’s appointment as interim Chair of the new Body, pending a public appointments round in the new year, 3 additional appointments have been made to the Board of SUfI – Willy Roe, Barbara Duffner and Janet Lowe, who also sit, respectively on the Boards of Highlands and Islands Enterprise, Scottish Enterprise and the Scottish Funding Council. These new appointments run to the end of June 2008, and will ensure continuity of delivery and oversight during the process of forming the new Body and appointing the substantive Chair, Board and Chief Executive.

The programme will ensure that the new body is up and running at the beginning of the next financial year, in a form which permits these ambitions to be delivered. Ministers are clear that local delivery must be enhanced, not compromised, by the creation of the new body, and that levels of existing service must not, even in the short term, be disrupted as a result of organisational change. Budget provision has been made to support the establishment of the new body - £16m has been allocated to the new body in 2008/09 to support transition.
Background and context

Universities Scotland submitted a bid to the 2007 Spending Review which called for an increase in the annual level of funding of £168 million in real terms (2007-08 prices) by the end of the Spending Review period. This would have represented a rise of about 15 per cent in the level of higher education funding but was about 0.5 per cent of the total Scottish budget in 2007-08. The case was made on the basis of the central importance of higher education to economic and social development. Supporting research documents provided independent, verifiable evidence to support our case that high-level learning and skills and expanded innovation, research and development were the most effective investment the Scottish Government could make.

The case put by Universities Scotland was explicit on the deliverables which would result from this investment, and on what leverage this would give the sector to raise more income from other sources. Universities expected to deliver additional value through a combination of using the extra public investment to lever in additional funds from other sources and the achievement of efficiencies, producing total additional annual public benefit worth £340 million in real terms by 2010/11. This would have delivered 4,000 extra undergraduate places, about 3,000 extra postgraduate places, a 20 per cent increase in basic and strategic research, a doubling of knowledge transfer activity, a stepping-up of international recruitment and a major capital building programme.

Analysis of outcome

Settlement for higher education

The following is a basic assessment of the real-terms funding changes announced in the budget.

Table 1: Assessment of HE budget in real terms (assuming 2.7 per cent inflation)

<table>
<thead>
<tr>
<th></th>
<th>baseline</th>
<th>Yr 1</th>
<th>Yr 2</th>
<th>Yr 3</th>
<th>Cum.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007/08</td>
<td>1,010</td>
<td>1,035</td>
<td>1,082</td>
<td>1,126</td>
<td></td>
</tr>
<tr>
<td>Total HE funding (capital and recurring in cash terms)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>cash terms increase %</td>
<td>-0.2</td>
<td>1.8</td>
<td>4.1</td>
<td>2.9</td>
<td></td>
</tr>
<tr>
<td>real terms increase %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

How close did this come to the Universities Scotland bid?

There have been conflicting assessments of how close this settlement came to meeting Universities Scotland’s bid. To meet Universities Scotland’s bid in full (raising the baseline by £168m in real terms by the end of three years with the inflation added but with increases staged across the three years) would have been a cash total of £526 million spread over the Spending Review period. The Scottish Government has allocated an additional £263 million over the period. This may appear to be over a half of the bid. However £167 million of the £526 million cumulative total in the Universities Scotland bid was needed to cover inflationary costs just so university funding would stay the same in real terms. It is only the remaining £359 million in cash terms over three years which would have been additional money. Once this £167 million for inflation is subtracted from the £263 million allocated in the budget, only £93 million of new investment will be made over the three years (just over a quarter of the Universities Scotland bid). Additionally, of the £263 million total another £50 million is actually allocated in 2007-08, prior to the Spending Review period. This money is a one-off and will not be embedded in the baseline. So the total new money available to be allocated over the
Spending Review period is only £43million. This is less than one eighth of what Universities Scotland asked for. But the best measure remains the absolute rise in the higher education sector’s level of funding by the final year of the period. Universities Scotland asked for this Spending Review to raise the sector’s baseline funding by 15 per cent in real terms. In fact, it will only raise it by 2.9 per cent, a real terms increase of £30 million. This is a less than a fifth of what Universities Scotland asked for.

**Year one problems**

In year one of the three year deal, universities face a particular problem. When the three-year pay deal was negotiated on a UK-wide basis in 2006, English universities negotiated to have the deal end-loaded on the basis that it would have access to extra top-up fee money in the final year. For that reason, the pay deal includes a significant above-inflation rise between 2007-08 and 2008-09. Unfortunately, this is the year in which, under the Scottish Spending Review settlement, Scottish universities will face a real-terms public funding cut of 0.2 per cent. It is estimated that the relevant pay bill will rise by £45m in cash terms between these two years, but public funding will only rise by £25m in cash terms. Even if all other rising costs are ignored, the higher education sector will immediately face a funding gap of at least £20m or two per cent of public funding. Academic year 2008-09 will therefore be an extremely difficult one financially for Scottish universities.

**Comparators with other spending departments**

Higher education funding rose at a rate lower than the rise in the overall budget.

**Fig 1**

Comparison with England

It is still difficult to be absolutely precise about the relative levels of resource available to the higher education sectors in Scotland and England as a result of the combination of top-up fees and the recent Spending Review announcements. However, the best assessment is that the relative levels of funding in the two sectors at the start of this Spending Review period are essentially the same. That is to say that, including an increase in public funding in Scotland from 2004 and a smaller increase in English public funding along with the first two thirds of the top-up fee income being on-line, the two sectors are in very similar financial positions. At the moment it looks as if England will get a public uplift of funding over the Spending Review
period in the order of about six per cent compared to three per cent in Scotland. There will also be some additional income from fees. So it is difficult to measure exactly the relativities but they will be moving in England’s favour between now and 2011, possibly by as much as five or six per cent.

Impact assessment

Outputs and national impact
The three per cent rise in funding will be insufficient to meet rising pay and pensions costs and as part of its bid Universities Scotland provided detailed evidence on efficiency and productivity gains and made clear how much has already been achieved through efficiency. Taking account of the one-off allocation of £50 million before the start of the Spending Review period, the capital line in the budget will enable significant development of estates. But the low overall rise in current expenditure, the cost pressures faced by the sector and the realistic assessment of achievable efficiency gains together means it is difficult to see how it will be possible to expand any activity in higher education over the next three years, unless it is at the expense of other activity. It is particularly concerning that this means that, at a Scottish level where business R&D is very low, it is difficult to see how there can be any real growth in innovative research until the next decade.

Competitiveness
The recent international league table showing five Scottish universities in the world top 200 – the best ratio relative to population of any country – demonstrates the remarkable degree of competitiveness of Scottish universities on the world stage. International competitiveness will be helped by the investment in estates and infrastructure, but the small rise in overall resource available is likely to reduce Scotland’s competitive position over the next three years. The direct comparison with England, our closest competitor, shows we are slowly but steadily losing ground.

Sustainability
Universities Scotland spending review submission contained a section entitled ‘sustaining progress’ which sought to show that any progress that higher education could make needed to start from a sound and sustainable financial base. Universities Scotland made a conservative estimate that to cover the costs of pay, pensions and utilities the sector would need a real-terms rise of £110 million by 2010-11 to cover these costs but asked for a public contribution of just £40 million. As the settlement announced by the Scottish Government fails to meet even these costs, the higher education sector will need to look carefully at their budgets for the next three years to ensure the short and medium term sustainability of the sector.

Conclusion
Universities Scotland recognises the tight financial settlement the Scottish Government received. However, we are very disappointed by its response to the strong case we presented for the vital contribution which investment in higher education makes to the Scottish economy. Our disappointment was the more severe because the Government’s economic strategy not only recognised the central role of universities but highlighted it. Yet, only a day later Spending Review delivered an increase in investment in higher education which did not even match the growth rate of the Scottish budget as a whole. As a result Scottish universities face their most difficult three years financially since the early 1990s and there will be adverse consequences of varying degrees of severity for individual institutions. This is serious not only for the universities, but also for the Government’s aspiration to achieve a higher rate of sustainable economic growth, which has our strong support. However it is not too late to retrieve the position. Therefore our priority is to engage urgently with the Government, and to press it to find ways in which the investment in higher education can be increased so that Scottish universities continue to strengthen their position as international leaders, and have the resources necessary to maximise their essential contribution to the work of transforming the Scottish economy.
Summary

The Association of Scotland’s Colleges (ASC) welcomed publication of Scotland’s budget and spending review settlement on 14 November. The Scottish Government’s commitment to Scotland’s Colleges is evident in the maintenance of the base lines in both capital and recurrent funding and the delivery of increases over three years across both. ASC believes the budget and spending review, while challenging, will enable colleges to continue to deliver an effective education service for Scottish learners, communities and businesses.

Background

Since the beginning of 2007, Scotland’s Colleges have published two documents setting out an ambitious future for our sector. Our election prospectus Forward Together was sent to all prospective candidates, political parties and other stakeholders in the run-up to May’s election. Following from the success of this document, Scotland’s Colleges submission to the Strategic Spending Review – Building a Better Scotland – was distributed to MSPs and others in September.

At the core of both these documents is a belief that Scotland’s Colleges are pivotal to progressive change in Scotland. Investment in colleges generates high economic and social returns and represents exceptional value for money. The proposals in our Spending Review submission would have seen 12,000 more learners at college, 18,000 students out of debt and 21st century buildings for every college. Spending of £80.4m for learning and teaching, £132.6m for student support and £450m of capital investment over three years would have been required to deliver this vision.

The Government’s published spending plans do not meet all the proposals outlined in Scotland’s Colleges spending review submission. This submission was published before the results of the UK spending review were announced in October. The overall spending review is acknowledged as tighter than in recent years. Scotland’s Colleges understand this affects the resources available for the Scottish Government to allocate for both further and higher education.

The total budget for Scotland’s Colleges will increase to £580m by 2010-2011. The cash terms increase in recurrent funding will be £53.4m by the end of the three year period. Capital grants for colleges increase to £97.5m by 2010-11.

The Scottish Government’s economic strategy puts learning, skills and well-being as its top strategic priority, and this spending settlement will help Scotland’s Colleges to continue to play a pivotal role in its delivery. ASC welcomes the Government’s recognition that continued investment in Scotland’s Colleges is key to economic success.

ASC appreciates the settlement’s prioritisation of capital investment in Scotland’s Colleges. It is clear, however, that some college capital projects which are currently at an early stage of planning and development will not be fundable in this spending review period. This will be disappointing for those colleges and the communities they serve.

Recurrent headline figures for colleges include funding for learning and teaching and student support. ASC agrees that the proposed investment in colleges fits clearly with the wider economic strategy of delivering skills for Scotland’s people and an economy with a competitive edge. It will enable colleges to continue current activity but not undertake additional tasks. The detail of any guidance on ministerial policy priorities from the Scottish Government to the Scottish Funding Council following on from the budget will be of key importance to colleges.
Learning and teaching, vocational education and skills and school-college partnerships could all be further enhanced with additional funding. Scotland’s Colleges have benefited from end year flexibility in the past and we hope that will continue. There are also a number of spending lines categorised under ‘Other Lifelong Learning’ in the Scottish Budget document from which colleges could and would hope to draw limited funding.

**Charitable Status**

The spending plans announced in the spending review make the continuation of charitable status for Scotland’s Colleges even more pressing. ASC welcomed the announcement on 30 October pledging Scottish Government support to ensure colleges retain their charitable status. The potential loss of income to colleges has been calculated by the Scottish Funding Council to be as high as £50million per annum. Clearly such a loss of income would make it impossible for colleges to sustain the level of activity expected by the Scottish Government to help achieve their strategic objectives.

ASC wrote to all MSPs on 31 October setting out the available legislative options to ensure Scotland’s Colleges retain charitable status. We are aware that the Scottish Government is consulting with a range of organisations on the options available to them with the aim of commencing any necessary legislative steps in the New Year. From the date of this committee meeting parliament has 1 year, 8 months, 4 days - 612 days in total – to resolve the issue.

**Conclusion**

The Scottish Government’s spending plans for the next three years enable colleges to continue to play a central role in the nation’s economic growth and future prosperity, as a key resource in tackling both the economic and social needs of modern Scotland.
Purpose

This paper provides a brief written statement from the Scottish Further and Higher Education Funding Council on the budget process 2008-09.

Background

The Scottish Government published its budget and spending review 2007 outcome on 14 November 2007. Our initial reaction to the budget and spending review is contained in the media release which is attached to this paper.

The board of the Scottish Funding Council met on 23 November to consider the outcomes of the spending review; we also received an overview of the Government’s spending plans from Mark Batho, Director of Lifelong Learning at the Scottish Government.

Overview

Recurrent funding for colleges

The total increase for colleges recurrent funding over the three year period is £52.7 million; allowing for inflation of 2.7 per cent, the real terms increase is £8.7 million. This is a real increase of 1.6 per cent, over the three year period, which averages out at 0.5 per cent average annual real terms increase.

Recurrent funding for higher education institutions

The total increase for higher education institutions (HEIs) recurrent funding over the three year period is £105.1 million; allowing for inflation, the real terms increases is £27.9 million. This is a real increase of 3.0 per cent, over the three year period, which averages out at 1.0 per cent average annual real terms increase.

Capital investment

The Government has stated in the Spending Review that “this settlement prioritises capital investment in Scotland’s colleges and universities.” The baseline capital for colleges and HEIs is £172.9 million in 2007-08. This will increase to £192.7 million by 2010-11. The Scottish Government also announced an additional £100 million for capital in 2007-08.

In order to ensure that this £100 million is well-spent on high priority needs, we have announced that we will allocate £60 million to colleges and £40 million to HEIs in 2007-08. The additional £100 million is for Financial Year 2007-08 and therefore must be issued by the Council to colleges and universities by the end of March 2008.

Given this time constraint, a larger proportion of the additional funding is being allocated to the college sector in 2007-08 because, with the major capital project programme that is currently underway in the college sector, there are fundable college projects at an advanced stage ready and eligible to receive SFC funding this year. The Cabinet Secretary has asked that we redress this proportion to 50:50 over the life of the spending review period (i.e. 2008-09 to 2010-11).

Guidance from Scottish Ministers

When the Council was established in October 2005, it received strategic guidance from the then Scottish Ministers setting our their priorities for further and higher education. This guidance informed the development of our corporate plan and the allocation of our funding for 2006-07 and 2007-08.
Following the publication of the 2007 spending review, we expect to receive new strategic guidance from Ministers; this guidance will influence the allocation of our funding from 2008-09 onwards and will be used to update the policy objectives in our corporate plan. Over the next few months, we will be working to set our allocations for colleges and HEIs for 2008-09. We have announced our intention to publish our allocations to HEIs on 18 March 2008 and to colleges on 16 April 2008. This timetable is vital to allow colleges and universities to prepare their budgets for their next financial year which begins on 1 August 2008.

**Concluding remarks**

We welcome the Government’s decision to sustain and increase the current high level of capital investment in Scotland’s colleges and universities. We recognise that any government faced difficult choices in such a tight spending round.

Scotland’s colleges and universities have been allocated real terms increases for the next spending review period and now have the challenge of maintaining and developing their quality and competitiveness within the available resources.

**Annex**

Scottish Funding Council news release – 16 November 2007

**Capital investment supports challenge to Scotland’s colleges and universities**

In responding to this week’s spending review announcement, Roger McClure, Chief Executive of the Scottish Further and Higher Education Funding Council (SFC), welcomed the Government’s decision to sustain and even increase the current high level of capital investment in Scotland’s colleges and universities.

Mr McClure said: “This continuing investment is transforming Scotland’s colleges and making a major assault on the backlog of building maintenance which hinders the growing competitiveness of Scotland’s universities.”

Mr McClure also said that any government faced difficult choices in such a tight spending round. Scotland’s colleges and universities have been allocated real terms increases for the next spending review period and now have the challenge of maintaining and developing their quality and competitiveness within the available resources.

“While Scotland’s colleges are increasingly world-class, its university sector is demonstrably so. The recent THES-QS league table of the world’s top 200 universities shows that Scotland’s distinctive approach to higher education has achieved five of its universities in the world’s top 200. No other country in the world has delivered so many in proportion to its population size,” said Mr McClure.

Mr McClure said that the Funding Council was absolutely committed to working with both sectors to help them achieve and sustain world-class excellence.

He concluded: “I am confident that with sustained capital investment and the unique ability of Scotland’s universities to join forces to create innovative world-leading communities of researchers, these world-class organisations will find ways to sustain their competitiveness during this difficult spending review period. It is, of course, vital to Scotland’s future prosperity that they do”.
SUBMISSION FROM COSLA – 29 NOVEMBER 2007

Budget process 2008-09 (Stage 2)

Introduction

COSLA welcomes the opportunity to present evidence to the Education, Lifelong Learning and Culture Committee on the budget package recently agreed between COSLA and the Scottish Government. This submission provides general information on the Concordat, and on the specific children’s services commitments which are contained within this document. We look forward to discussing this further with the Committee on Wednesday 5 December.

With the signing of the Concordat between Local Government and the Scottish Government, for the first time, there is a firm commitment from both spheres of government to build a relationship of mutual respect and partnership. The Concordat underpins the funding for Local Government over the next three years, and aligns both the Scottish Government and ourselves to a new, and more democratically accountable, means of producing services for the people of Scotland.

The negotiations with the Scottish Government were clearly based on our costed understanding of our spending requirements, but took into account an expectation that the resources available to the public sector in Scotland would make this a very tight Spending Review. In addition, our participation in the negotiations was underpinned by a desire to achieve a satisfactory outcome on a number of non-cash issues. Clearly, while these can never be regarded as a replacement for adequate cash sums, they are nevertheless significant achievements within the context of an overall package. In short, our primary objective was to negotiate a balanced package between securing the maximum resources available alongside the greatest number of non-cash issues.

Key Aspects of the Concordat

The cash sums are tight - £34.7 billion for Local Government over the next three years - and acknowledged as such by the Scottish Government. Within this overall envelope, we have been very clear to negotiate the exact wording of what is expected from Local Government with regard to the Scottish Government’s manifesto commitments. These commitments are specifically worded in the Concordat.

We were very determined to deliver a satisfactory outcome on a number of non-cash issues, many of which have been long held by COSLA as signals of respect, a commitment to local democracy and a more equal relationship.

Those issues were:

- A clear statement from Government about the removal of the possibility of structural reform to Local Government
- A clear statement regarding the position of Local Government in the governance of Scotland and the nature of Local Government’s partnership with the Scottish Government
- Progress on the delivery of a Single Outcome Agreement as the process of joint accountability between the Scottish Government and Local Government
- A fundamental reduction in the level of ring-fencing within any financial settlement.
- An appropriate treatment of efficiency within Local Government which allowed Councils to retain resources released by their own efficiency work.
- A reversal of the trend over recent Spending Reviews which left Local Government with a decreasing share of public expenditure in Scotland.
- A commitment to regular meetings between COSLA’s leadership and Cabinet Secretaries and Cabinet itself.

We will review the Settlement on an on-going basis with the Scottish Government and will jointly address the framing of, and financial impact of, new policy development.
In this way, with both the Scottish Government and Local Government signed up as equal partners, both are equally accountable to the Scottish people.

While Local Government will have greater freedom in terms of how to deliver the services – something we have long fought for – arrangements will be put in place to jointly oversee and monitor the new partnership between ourselves and Government, and to assess the commitments made.

**Accountability**

One of the issues we have seen raised in relation to this new partnership is the issue of how Local Government will be held accountable. This clearly reflects a view that accountability is best delivered by ever tighter controls from Central Government. In contrast, we do not believe that this is appropriate. We welcome the tenor of the Concordat, which points out it is for the Scottish Government to set the direction of policy and then to jointly agree outcomes with Local Government.

The outcomes approach will ensure that together, we deliver what needs to be achieved, but that Local Government has the flexibility to decide how to achieve it in the way that best suits local needs.

Since the outcomes are jointly agreed, accountability is enhanced, not diminished: neither Central nor Local Government can avoid being held accountable by blaming the other sphere of governance in Scotland.

**Specific Children’s Services Commitments**

The following section provides the committee with some details around the specific commitments contained within the Concordat relating to Children’s Services. Each commitment is pre-faced with the actual text from the Concordat which sets out what has been agreed between COSLA and the Scottish Government.

**Teachers and Class Size Reduction**

“Improving the learning experience for children and young people by improving the fabric of schools and nurseries; developing and delivering A Curriculum for Excellence; and, as quickly as is possible, reducing class sizes in P1 to P3 to a maximum of 18 and improving early years provision with access to a teacher for every pre-school child. The provision of additional capital allocation and specific arrangements for local authorities to maintain teacher numbers in the face of falling school rolls will allow significant progress on this policy over the Spending Review period. Taking into account retirals, the capacity of the universities to train new teachers, changing demographic trends, and the different circumstances across authorities including accommodation pressures, it is recognised that the pace of implementation of class size reduction will vary across authorities depending on local circumstances and needs. Local government will be expected to show year on year progress toward delivery of the class size reduction policy.”

**Class Sizes**

- We have agreed with the Scottish Government that progress will be made as quickly as possible on reducing class sizes in P1-3. However, we have also agreed that the pace of implementation will depend on local circumstances, for example changing population and schools estate constraints, as well as the other factors described in the text of the Concordat. We have said that overall year on year progress will be made, but that identical progress would not be possible in every local authority.

- COSLA has always stressed, both with the previous administration and the current Government, the need for flexible implementation of class size reduction. In the Concordat both COSLA and the Scottish Government have agreed that national flexibility is both necessary and sensible. Flexibility is also important at the local level
Local Government remains focused on improving outcomes for children. Class size reduction can play a part but remains only one aspect of education policy.

**Access to Teachers in Pre-school**

- Local authorities are best placed to decide how to employ and deploy staff in early years. This position is acknowledged and accepted by Ministers. In keeping with the new partnership approach individual local authorities will have the freedom to decide how best to deliver access to a teacher for every child in pre-school education.

- As with class size reduction, it is clear that implementation will vary across the country, with the approach to providing access to teachers potentially very different from one local authority to another, but with all local authorities aiming at achieving the same results i.e. improved outcomes for children. COSLA expects Local Government to be judged on the overall service quality and achievement of outcomes, rather on how councils choose to structure services.

- There is a range of highly committed professionals working in early years settings in Scotland. COSLA believes that non-teacher professionals have an equally important role to play as teaching staff. The Committee will be aware that there is a concerted effort to raise qualifications across the sector. This is something which COSLA fully supports, as we recognise that the evidence shows higher qualifications are closely linked to improved outcomes for children.

**Early Years Expansion**

"Expanding pre-school provision and making substantial progress towards a 50% increase in pre-school entitlement for 3 and 4 year olds. The entitlement to pre-school provision will be maintained at the new level of 475 hours per annum (equivalent to 38 weeks at 12½ hours) in 2008-09 and 2009-10. This will increase to 570 hours per annum (equivalent to 38 weeks at 15 hours) in August 2010."

- COSLA welcomed the fully-funded expansion in early years provision announced during the summer. Local Government has received pro rata £21.75 million (approximately £15 million for the 2 remaining terms) to fund the increase in pre-school provision for 3 and 4 years olds from 412.5 hours per year to 475 hours per year. This approximated to an increase in provision from 33 to 38 weeks of 5 x 2.5 hr sessions (12.5 hours per week) – about a 15% increase.

- Early years provision is delivered across the country by a mix of local authority, voluntary and private providers. As a result, future expansion will be delivered in different ways across Scotland, dependent on the local mix of provision.

- COSLA is also now fully engaged with the Scottish Government in the development of the early years strategy. This will be one of the first strategies to be developed in full partnership and in context of the new relationship between Local and National Government.

- The Committee will be aware that the strategy’s overall aims and broad themes have been set by Government, and were announced in Parliament on 31 October 2007. The strategy is to be comprehensive and long term; will apply from pre-birth to the age of 8, and should place the child at the heart of service delivery. Its four themes are to build the capacity for adults and parents to give children a good start in life; to help communities support children who live locally; to ensure services are integrated
and focused on the needs of the child, and to provide a suitably trained and qualified work force.

**Free School Meals**

“Free school meals – Providing nutritious free school meals for all P1 to P3 pupils in the pilot areas until the end of the current academic year (ie up to June 2008). The remainder of 2008-09 will be taken up with evaluation of the trials. In 2009-10, provided the evaluation of the trials is positive, legislation will be introduced to allow extension of the nutritious free school meals to all pupils in P1 to P3. Assuming the legislation is passed, local authorities will provide free school meals to all P1 to P3 pupils from August 2010.

Subject to necessary legislation being passed, extending entitlement to free school meals to all primary and secondary pupils of families in receipt of maximum child tax credit and maximum working tax credit from August 2009.”

- COSLA was a strong supporter of *Hungry for Success* and the Schools (Health Promotion and Nutrition) (Scotland) Act 2007. As part of our work on health improvement we have always supported health promotion as an integral strand of both teaching and learning and school improvement. Consequently, we view the commitments for free school meals in P1-3 and to extend eligibility, as building on the firm foundation of Local Government work on health improvement and nutrition.

- We understand that providing free school meals in P1-3 is part of the Government’s overall approach to early intervention. As stated in the Concordat we expect to work with Scottish Government to evaluate the pilot projects and any associated practical challenges, before taking a decision to roll the policy out across the country.

- The committee will be aware that COSLA also supported the extending of eligibility criteria for free school meals using the tax credit system. We are of the opinion that extending eligibility criteria is a good way of targeting resources at those who would genuinely benefit from a nutritious school meal. We also see this as an effective anti-poverty measure as we understand that this policy will close the gap between the numbers of pupils eligible for free school meals and the number of children who are considered to be living in poverty.

**Vocational Education and Skills**

“Vocational education/skills – working in partnership with colleges, local employers and others as appropriate to give more school pupils opportunities to experience vocational learning.”

- This is a commitment to work together to improve vocational education and skills in Scotland.

- We are working with Scottish Government on developing, in partnership, policy on the delivery of vocational learning and skills development. The skills strategy has already been published, so our partnership work involves developing locally relevant and practical approaches to vocational education and skills that maximise opportunities for all young people to take part in vocational learning.

- Local Government has a key role to play in vocational learning and skills development. From age 3 to 18 Local Government knits together all aspects of a young person’s education and skill development. COSLA will also be working with the new skills agency to ensure that local authorities will be able to work effectively with the new body and other partners to take forward policy on skills and vocational learning.
Kinship Care

“Kinship care – providing allowances for kinship carers of “looked after children” to treat them on an equivalent basis to foster carers.”

- The Joint National Fostering and Kinship Care Strategy is at an advanced stage of development and will be published shortly. COSLA has been involved throughout the strategy development process and the Concordat sets out Local Government’s commitments within this area.

- The Concordat contains a joint commitment of Scottish and Local Government to introduce allowances for Kinship carers over the term of the spending review period. This is an important element of the Joint National Fostering and Kinship Care Strategy which recognises the need for kinship care to be part of the overall arrangements to deal with vulnerable children. The new allowances will be paid where a kinship care arrangement has been established for a looked after child. The gross allowances for kinship care will be set at the same rate as that paid by the individual local authorities to their existing foster carers. These vary considerably across the country. The net payments will take into account the child benefits that will be available to kinship carers, and are not available to stranger foster parents. We are anticipating some 1,720 children to be covered by the new allowances. The sums of money available will build across the three year period, reflecting the assessment process that is needed and the allowances that these will draw down. This scheme will be fully in place in the final year.

Conclusion

The package of measures set out in the Concordat represents an ambitious and groundbreaking attempt to re-define the relationship between Local and National Government. We believe this new relationship will help the delivery of improved outcomes for the people of Scotland and increase democratic accountability. This submission provides information on the agreement reached between COSLA and the Scottish Government and on the specific commitments on children’s services which are contained within this agreement.
2007 spending review – Will it deliver for the poorest children?

The 2007 strategic spending review is a key opportunity to create the conditions for real change for the poorest and most vulnerable children in Scotland. The budget has a key role to play in ensuring that policy aimed at improving the lives of children is delivered. Given the increase in discretion in allocating funding for local authorities and the reduction in ring fenced funds it is difficult at this stage to decipher whether these conditions have been created and thus whether the poorest and most vulnerable children and young people will be the beneficiaries of this budget. This briefing outlines Save the Children’s key issues and concerns under three themes:

1. Lifting younger children out of poverty
2. Improving educational outcomes for the poorest children
3. Transparency and accountability in tracking public spending on children

1. Lifting younger children out of poverty

250,000 children in Scotland live in poverty.1 90,000 of whom live in severe poverty.2

Save the Children estimates that of the 90,000 children living in severe poverty in Scotland, 25,000 are under 4.3

Figures published in 2007 show that for the first time in many years, progress in reducing child poverty in Scotland has stalled. There is real concern that Scotland will not meet the target to halve child poverty by 2010. Without significant investment now, child poverty will not be eradicated by 2020. Further, investment and support for the households experiencing the most severe and persistent levels of poverty needs to be prioritised, as a first step in ending child poverty in Scotland by 2020.

We welcome the commitment to extending entitlement to free school meals to all primary school and secondary school pupils whose parents or carers are in receipt of both maximum child tax credit and maximum working tax credit. Further, we welcome the additional investment in early years however we are concerned that there appears to be no extra money targeted at the most deprived families.

However, Save the Children is extremely concerned that there is no national target or indicator for reducing child poverty in Scotland within the national outcome framework. It is vital that local authorities have clearly defined expectations of reducing child poverty within the Single Outcome Agreements.

Early years

The previous Education Committee acknowledged the importance of early years services - ‘Early years services must be a priority for investment as they provide major and direct positive impacts on society. Sound services can enhance children’s development and later educational attainment, identify and support vulnerable children and families as early as possible, combat poverty, promote social inclusion and support the continuing growth of the economy’.4

Investing in the early years of childhood will not only benefit the individual child and their family, but society and the economy more generally. Initiatives such as Sure Start provide an opportunity to target support at the children and parents living in the most severe poverty. Given that younger children are most at risk of experiencing poverty and the current trend for

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1 Households below average income 2005/06, DWP 2007
2 Measuring severe child poverty in the UK, Save the Children 2007
3 Measuring severe child poverty in the UK, Save the Children 2007
4 Early years inquiry report, Scottish Parliament Education Committee (2006)
reducing the numbers of children living in poverty has stalled. Save the Children believes that this is the time when Government should be increasing spending aimed at the youngest and hardest to reach children. Save the Children welcomes the national outcomes to give our children the best possible start in life and tackling inequalities in Scottish society. However, it is of great concern that Sure Start is not mentioned in the budget.

Sure Start aimed to ensure that every child has the best possible start in life by targeting support for families with very young children in areas of greatest need. Children benefit from better parenting and the most disadvantaged benefit the most. The impact of Sure Start has been significant and supported many children and their parents however there is some evidence that suggests that Sure Start was not reaching the poorest children and their families.

The potential of Sure Start to make further impact on the lives of young children requires further investment targeted at the poorest households with greater certainty that the service will reach those who need it most. Greater investment in outreach services and further incentives for families to engage (eg. through use of conditional cash transfers) should be considered. More capacity for Sure Start to intervene during pregnancy and continue beyond the age of 3 would allow for a more sustained and effective engagement. There is also a need to ensure that health services are more closely linked with Sure Start initiatives.

- What mechanisms will be in place to ensure that ending child poverty is given priority within local authority budgets?
- How will budgets – national and local – be monitored and evaluated to ensure that the poorest children and their families are being lifted out of poverty?
- Will there be funding for a national programme with the same approach as Sure Start?
- How can we ensure that spending is skewed towards the most disadvantaged young children and that it is playing a key role in lifting children out of poverty?
- What policies does the Scottish Government believe will contribute to supporting families with young children to be lifted out of poverty?

**Childcare**

Many parents would like to work, but lack adequate childcare arrangements allowing them to do so. One consequence is that their income remains low and their children grow up in poverty. Affordable, available and flexible childcare is known to be the single biggest barrier to improving parents’ employability, especially that of lone parents. Childcare provision in Scotland is the ‘most expensive in Europe’, ‘remains patchy, inflexible and expensive’ and is the ‘biggest obstacle to progress for individual parents’.\(^5\) Parents in the lowest income groups were around twice as likely as those in the highest group to find it difficult to pay for their childcare.\(^6\)

Despite significant improvements, childcare is still not accessible to many families, with a patchwork pattern of provision reflecting national targeting of resources and local prioritisation. Providing a choice of accessible and affordable childcare is thus central to a strategy to end child poverty and the Government’s economic strategy.

The previous Government’s strategy to end child poverty recognised this and made efforts to improve quality, affordable and accessible childcare through Sure Start Scotland, the Scottish Childcare Strategy and Working for Families Fund.

- How will local authorities be supported to develop more flexible childcare provision to meet the needs of parents entering and sustaining work?
- How will the success of the Working for Families Fund approach to supporting families be taken forward and ensure it effectively supports the poorest families?

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\(^6\) *Growing up in Scotland*
**Recommendations for lifting the youngest children out of poverty**

1. Increased investment in Sure Start approach, targeting investment at the poorest households. Monitor spending to ensure that it reaches the poorest families and lifts them out of poverty.

2. Targeted investment in accessible and affordable childcare for the poorest families.

2. Improving educational outcomes of the poorest children

One of the starkest inequalities in our society is the extremely different educational experiences that children in poverty have, compared to children from more affluent backgrounds. Amongst the lowest-attaining 20% of pupils there are over twice the proportion of pupils registered to take free school meals – an indicator of poverty.\(^7\) Despite significant effort, the attainment of the lowest performing 20% of pupils has not improved at all in recent years.\(^8\) The highest proportion of low attaining pupils live in the most deprived areas of Scotland. Pupils from the most deprived areas account for higher level of absence, lower levels of attainment and are more likely to leave school without qualifications.

Further investment and attention needs to be directed towards improving the educational outcomes for the poorest children in Scotland to ensure that these children reach their full potential and become ‘successful learners, confident individuals, effective contributors and responsible citizens’. Educational underachievement contributes to social exclusion in later life, which is detrimental to individual children and society as a whole. Save the Children is therefore extremely disappointed that there is no reference in the budget to improving the educational outcomes for the lowest achieving 20%. Save the Children welcomes central and local government commitments to developing and delivering the Curriculum for Excellence, Early Years Strategy and Skills Strategy and promoting parity of esteem for vocational learning and qualifications.

- What policies does the Scottish Government believe will raise the educational outcomes of the poorest children?
- How will local authorities be supported and held accountable to ensure spending reaches and benefits the poorest children’s education?

**Recommendations for improving educational outcomes of the poorest children**

1. Targeted investment at improving the educational outcomes for children living in poverty, particularly focusing on younger children. Educational disadvantage begins at an early age.

2. Investment targeted at supporting parents of children living in severe poverty to enable them to engage in their children’s learning.

3. Transparency and accountability in tracking public spending on children

The UNCRC states that governments should track spending on children and allocate resources to the ‘maximum extent of…available resource’, particularly with regard to tackling child poverty. The general guidelines regarding the form and content of periodic reports to the UN Committee on the Rights of the Children are very specific with regard budgetary analysis. They state that:

‘States parties shall provide information on the amount and percentage of the national budget (at central and local levels) devoted annually to children…States parties should provide information on poverty reduction strategies and programmes and other factors which impact or may impact on the implementation of the Convention.’

Save the Children carried out research in 2006 outlining key trends in government spending on children in Scotland since devolution. The report aimed to establish a baseline with which to assess future expenditure on children and young people and budget allocations in Scotland and make comparisons across the UK. It was also designed to focus on trends in government spending in relation to child poverty. One of the observations of the report is the difficulty in

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\(^7\) Missing out – children at risk of missing out on educational opportunities, HMIE (2006)

monitoring public spending on children. The national outcomes framework potentially provides an opportunity to track spending on children and we would urge further consideration on how spending across the relevant children’s outcomes can be monitored at a national level.

- *How will the Scottish Government monitor the allocation of public spending to children, particularly children living in poverty and ensure there is transparency and accountability in allocating resources to children?*