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Education Children and Young People Committee

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3 March 2025

Dear Convener,

### **Education and Skills Budget Scrutiny 2025-26**

Firstly, let me apologise for the time taken to respond to the questions raised at committee.

Thank you for the opportunity to present the Education and Skills portfolio budget to the committee. During that meeting, the Minister for Higher Education and I both committed to providing further information on various areas, which I have addressed below.

We discussed my letter (which is attached for information) to the UK Government regarding the impact of the National Insurance increase and the request to share a copy of their response. The Chief Secretary to the Treasury wrote to the Cabinet Secretary for Finance and Local Government on 24 January confirming that the Scottish Government would receive funding based on the Barnett formula with the final amount still to be confirmed. Indications of funding from the Treasury fall far short of the estimated cost of the increase in employer NICs. This is set out in our publication: [National Insurance Contributions: public sector costs - gov.scot](https://www.gov.scot/publications/national-insurance-contributions-public-sector-costs/pages/2/) (recently updated).

### **Tackling Child Poverty Delivery Plan**

In our exchanges, you asked about the Scottish Government's priority to eradicate child poverty and any updates and amendments that would be made to Tackling Child Poverty Delivery Plans as a result.

As you will be aware, as well as publishing delivery plans in 2018, 2022 and 2026, the Child Poverty (Scotland) Act 2017 requires Scottish Ministers to prepare and publish a progress report annually, setting out progress made in implementing the actions committed and against the targets set.

As with previous years, the annual progress report for 2024-25 will be laid in Parliament by the end of June and the Cabinet Secretary for Social Justice will deliver a statement in relation to the report, providing Parliament with the opportunity to formally scrutinise progress.

In terms of future action, as you know, we will publish our third Tackling Child Poverty Delivery Plan by the end of March 2026. This plan will set out the actions we will take as a government between 2026-31 to meet the final targets in 2030. In the coming months, we will consult with a wide range of stakeholders in the development of the delivery plan, including relevant Parliamentary Committees. This engagement will build on the considerable evidence and action taken to date to inform our collective approach to eradicating child poverty.

### **Attainment budget**

During the Committee exchanges, investment in the Scottish Attainment Challenge was discussed.

The Government continues to invest heavily in the Scottish Attainment Challenge. Allocations for both Pupil Equity Funding (PEF) and Strategic Equity Funding (SEF) have been set and published for the period 2022-23 – 2025-26 to give local authorities and schools certainty to support long-term planning. The funding model for SEF and the multi-year allocations were agreed with COSLA and were published in 2022 to give local authorities clarity on budgets to support long term planning. Whilst I acknowledge the impact of inflation, there is no reduction to the core £43 million per year investment in SEF. Part of the funding set out over this four-year period included some initial additional funding beyond the core £43 million commitment to support the tapering process for local authorities that had previously received SAC funding under the previous funding model. The introduction of SEF provides a fair and equitable reflection of the numbers of children impacted by poverty, extending funding support to all 32 Scottish local authorities, and was supported by COSLA.

The funding allocated to the SAC programme also includes funding for Care Experienced Children and Young People, which is determined based on the numbers of looked after children in each local authority based on Social Work Scotland statistics. This will also continue in line with previous years.

This funding is to be distributed alongside continued additional funding to local authorities to sustain teacher numbers, with £186.5 million to be invested in 2025-26 – up from £145.5 million in 2024-25.

Alongside this, the Scottish Government is providing record funding of over £15 billion to local authorities in 2025-26, an increase of over £1 billion, or 4.7% in real terms compared to 2024-25.

### **Attainment gap**

There was discussion about the poverty related attainment gap in primary school attainment. Looking holistically at primary school attainment, the poverty related attainment gap between young people from the most and least deprived areas, meeting standards in literacy, is at a record low in primary schools for P1, P4 and P7 combined (20.2 percentage points). Alongside this attainment in numeracy for pupils in P1, P4 and P7 combined has continued in 2023/24 at the record level of 2022/23 (71.9%).

I am confident that we are continuing to see improvements in educational outcomes for children and young people, with overall levels of literacy and numeracy across primary and secondary schools at a record high, showing this Government's approach to education is delivering improvements. For numeracy, this is a record 80.3% of pupils across P1, P4 and P7 reached expected levels, while S3 also reached a new high of 90.3%. For literacy, achievement is also now at a record high in both primary (74%) and secondary (88.3%).

Alongside this, looking at young people's outcomes, the gap between the proportion of school leavers from the most and least deprived areas of Scotland moving into a positive destination is 4.3 percentage points, the second lowest ever and a reduction of two-thirds since 2009/10 under this Government.

There has also been strong progress made on widening access to higher education no matter a young person's background or circumstance, with record levels of Scots going to university as a result of free tuition.

Latest UCAS data, covering 2024, shows a 44% increase in the number of 18-year-olds from deprived areas securing university places through UCAS since 2019.

It is clear that the pandemic is having a lasting impact on children and young people. That is why this Government is prioritising measures to further close this gap in the budget, through the expansion of free school meals, uprating the School Clothing Grant, investing in the Scottish Child Payment and lifting the two-child cap.

### **Pupil Equity Funding**

Scottish Government officials, alongside Education Scotland Attainment Advisers, undertook a PEF "sampling exercise", engaging directly with over 120 schools across all 32 Local Authorities to gather first-hand evidence on the impact and use of PEF in schools.

As I made clear to Committee PEF continues to be very highly valued by headteachers. I have committed to publish our findings from the PEF sampling exercise in the Spring and I will ensure the Education and Children and Young People Committee are given advance notice of its publication and its key findings. We are looking to ensure the report is interactive and engaging and captures directly the experience of staff and pupils using recordings from some participating schools. Along with the report we are planning a new refreshed communications plan with Education Scotland alongside a series of school visits and events with headteachers and practitioners, to raise the profile of the good practice we have seen in our schools and to promote peer to peer learning between schools and local authorities. We undertook this work as we want to share the good work taking place in our schools and communities, supported by PEF, with other Headteachers, Local Authorities and key stakeholders, and how PEF is improving the educational outcomes of children and young people/families impacted by poverty.

### **VAT exemption on private schools**

During Committee Miles Briggs MSP asked the Cabinet Secretary for an *"update the committee on how many pupils that has had an impact on? Given that one in four pupils in Edinburgh attends an independent school, what additional resources will the City of Edinburgh Council be allocated via COSLA?"* (Education and Skills Committee, 8 January 2025).

Scottish Government officials proactively engaged with SCIS and local authorities as the UK Government were developing this policy in 2024 and this informed the Scottish Government's response to the UK Government's consultation, which highlighted areas of concern which needed to be addressed so that the policy would reflect Scotland's distinct educational landscape.

We will continue to engage with local authorities and the independent school sector to understand the impact of the UK Government policy to remove the VAT exemption for independent school fees. This includes through a working group with the local authority counterparts who had the greatest interest in the impact of the UK Government's policy. The group will continue to provide a forum for information to be exchanged and for example has discussed Local Authority preparations in advance of implementation of the policy. As part of ongoing work to receive assurance from local authorities that they have the capacity to support increased school rolls, a small number of local authorities have provided indicative figures for the number of pupils enrolling in state schools from independent schools. The ongoing impact will continue to be discussed at this group with the represented local authorities. The 2025 census will capture the current numbers of pupils educated by local authority schools, including those pupils who have transferred from the independent sector. However, the census will not identify those children who have transferred as a separate cohort.

Regarding the impact of the UK Government's policy on funding of the Scottish local authority schools, the needs-based formula used to distribute the quantum of funding available for local government is kept under constant review and is agreed with COSLA on behalf of all 32 local authorities each year. The formula uses the most up to date information for the full range of indicators, including the annual school census. It follows, therefore that if the number of pupils in a Council area grows relatively faster than other local authority areas, the council will receive an increased share of the available funding, all other factors being equal.

The UK Government had initially indicated that funding raised from the removal of the VAT exemption on independent schools would be ring-fenced and applied to the budget for the Department of Education in England to increase teacher numbers in England.

Under this arrangement we would have received a population share of the funding raised under the Barnett formula. We now understand that there is no ring-fencing being applied to this funding stream by the UK Government and cannot confirm any consequential funding impact for the devolved Scottish budget as a result of changes to UK spending, following the removal of the VAT exemption on independent schools. We will continue to work with HM Treasury to understand what the funding implications may be for the Scottish Government. It's important to note that it is the impact of the net changes to the Department of Education's budget that will ultimately impact the level of block grant funding received by the Scottish Government and that positive movements from individual components could be offset by negative movements elsewhere

It may be helpful for me to provide an overview of independent sector provision in Scotland and Edinburgh. I note that the Committee discussion touched on Edinburgh City Council in particular.

There are 91 registered independent schools in Scotland and, as at September 2023 (totals for 2024 are not yet available), there were around 28,500 children and young people attending an independent school in Scotland. The number of pupils attending an independent school has declined slightly over time: in 2015 there were around 30,000 pupils in independent schools.

Around a fifth of independent schools in Scotland operate in Edinburgh (19 of Scotland's independent schools operate in Edinburgh (of which, one, is an independent special school)). Around 40% of pupils attending an independent school in Scotland attend such a school in Edinburgh (approximately 11,500 pupils in Edinburgh from a total of around 28,500 independent school pupils in Scotland).

These figures are broadly consistent with previous years as set out in an answer to a parliamentary question on pupils rolls in independent schools from February 2024 ([Written question and answer: S6W-25111 | Scottish Parliament Website](#)).

Not all pupils attending an independent school in Edinburgh will be from the City of Edinburgh Council area. The Scottish Council for Independent Schools ("SCiS") carried out research with their member schools and reported that 9,310 pupils in the independent sector were from Edinburgh. (*BiGGAR Economics Analysis*, pg. 7 ([Economic-Impact-of-SCIS-Member-Schools-in-Scotland-2022-23-8Feb24.pdf](#)))

### **Historic adoption**

Clare Haughey MSP asked for an update on historic forced adoption and work we are undertaking to support those affected. As you know, I am recused of decision making in relation to the Promise, but my officials have provided the following information. This funding sits within The Promise budget for 25-26 in the Children and Families Directorate. We continue to fund the charity Health in Mind, totalling over £121,000 to date, with around a further £48,800 being made available for 2025 to 2026, to deliver a historic forced adoption peer support service to those affected by this issue. Their trauma informed service includes specialist peer support groups for mothers and adoptees, as well as a 'hotline' for one-to-one support. We also fund the charity Birthlink £57,000 per annum to manage the Adoption Contact Register for Scotland which helps facilitate connections between individuals and families affected by adoption.

Last year, we held a series of lived experience sessions facilitated by the Scottish Government's Principal Psychological Adviser. A key theme from the lived experience sessions was around greater education and awareness raising, and we continue to explore what would best meet the needs of those affected. As a first step we are developing dedicated pages on MyGov.scot, so that all the information about post-adoption services and help can be found in one place. We have invited people with lived experience to contribute to this work. Further to asks from those with lived experience, we have also made commemorative copies of the apology available which can be requested through the following email address: [historicforcedadoption@gov.scot](mailto:historicforcedadoption@gov.scot).

### **Update on tri-partite agreement – colleges**

Members of the Committee may be interested to know that the colleges Tripartite Alignment Group has a webpage on the Scottish Government website where minutes of the meetings can be found, for example, detailing other areas of the Group's work: [Colleges: Tripartite Alignment Group - gov.scot](#).

A Universities Tripartite Group has now also been established to enhance regular dialogue and collaboration between the Scottish Government, Scottish Funding Council and Universities Scotland on the opportunities and challenges in the sector.

The Group met in September and December 2024, with a focus on how universities can support delivery of the Scottish Government's key strategic priorities, including reform of the post-school system; and how universities, the Scottish Government and Scottish Funding Council can work together to ensure the long-term sustainability of the sector.

On the work of the Colleges Tripartite, a fresh set of priorities for the group was agreed last year and work is underway across those areas, namely diversification of funding into the sector (which includes expanding opportunities for commercial income), establishment of a new way to flexibly fund investment in Curriculum Transformation, and exploration of the breadth of delivery via colleges. These actions are taken forward by members of the groups in a fully collaborative manner. Alongside these areas, the group is open to other short, sharp areas of work to support the sector as and when these are identified. The formalised changes to the guidance on college asset disposals will be issued imminently, and we have been clear to colleges and the SFC that any disposals that come forward in the intervening period will be treated in line with the new position on enabling colleges to retain a more significant proportion of the value of any sale to invest locally. Further details will be provided to the Committee on the workplan for increasing commercial income and a potential national college hub model in due course.

### **Widening access to higher education – North-East Scotland Free School Meals data sharing pilot**

Ensuring that we capture the right people with widening access to higher education policy is a priority for this Government. This includes working towards individual-level indicators of deprivation which are not based on an individual's postcode. While we work to overcome barriers to sharing Free School Meal (FSM) data on a national scale, we are coordinating a data sharing pilot in the North-East of Scotland which will help us to better understand the potential impact of introducing such an indicator.

The pilot is being led by Aberdeen City Council, Aberdeenshire Council, Robert Gordon University and the University of Aberdeen and will allow data on FSM recipients in the two local authorities to be matched with live applications to the universities. Partners are currently finalising data sharing arrangements, with data sharing currently due to take place following the UCAS January deadline. Evaluation of the work is planned for later this year and we will use the findings to inform our approach to individual-level metrics.

Following our extensive productive discussion about Dundee University at the end of the session, I committed to keeping the committee informed on the situation and will share updates as more information becomes available. As you will be aware, on 25 February the Cabinet Secretary for Finance announced to Parliament that £15 million of financial transactions will be made available to the Scottish Funding Council to support the sector and universities such as Dundee. The Minister for Higher and Further Education will update Parliament and the Committee in due course with further details on the allocation of this funding.

The Scottish Funding Council (SFC) has continued to engage intensively with the University as it develops its financial recovery plan. Once finalised the plan will be analysed by the SFC in the first instance, who will advise the Scottish Government on further steps that may be required to support the University towards financial sustainability.

Finally, as I indicated at committee, our children, young people, families and learners of all ages continue to be a key priority for this Government. This budget is one of hope and delivery, which has been drafted in response to the views of a multitude of stakeholders across Scotland. It will enable continued delivery across a range of areas impacting Education and Skills.

I trust you find this information helpful.

Yours sincerely,

**JENNY GILRUTH MSP**

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Rt Hon Bridget Phillipson MP  
Secretary of State for Education

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21 November 2024

Dear Bridget,

As you will be aware, the Cabinet Secretary for Finance and Local Government, Shona Robison MSP, wrote to the Chief Secretary to the Treasury on 31 October and 19 November seeking clarity on the funding that the Scottish Government will receive to reimburse the additional cost of employer National Insurance contributions (NICs) for devolved public service employers in Scotland. It is crucial that we receive confirmation of additional funding ahead of the Scottish Budget on 4 December.

I want to share with you the strength of feeling and concerns raised with me about the impact of NIC changes on stakeholders within my own portfolio.

Firstly, I am keen to draw to your attention the significant concerns raised by the Higher and Further Education sectors' representative bodies, Colleges Scotland and Universities Scotland. They are clear that these NIC changes will have a significant impact on their institutions. Just as they are in England, our Colleges and Universities are vital anchor institutions in communities across Scotland and are important contributors to our local and national economies. By introducing these changes, the UK Government is loading additional costs onto Scottish institutions which, if left unaddressed, representative bodies note these changes will have a detrimental impact on students and staff and undermine the economic contribution that these institutions make.

Secondly, concerns have also been raised by childcare and children's social care providers regarding the additional financial pressures they face as a result of the NIC hike. These providers deliver vital services for children and families across Scotland, including statutory provision commissioned by local authorities. The Scottish Government is still awaiting urgent clarification of the support that will be provided for local authority employers and the statutory services they commission from private and third sector employers.

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With regard to non-statutory provision, it is deeply concerning that the UK Government's decision will ultimately result in further increases to the fees paid by parents, carers and service users. I am aware that similar concerns have also been raised by stakeholders in England.

I would therefore be grateful in the first instance if you could please provide clarity on how the Treasury will support your own portfolio as a result of the NIC increase.

As the Finance Secretary made clear in her letter, the Scottish Government requires urgent confirmation that these additional costs will be funded in full, and that this funding will cover all organisations delivering public services, including colleges and universities and third sector organisations undertaking work on behalf of Government either through a contract or grant agreement. Furthermore, it is vital that any changes to the proposals on NICs which result in additional funding are delivered in a way that does not compromise the current ONS classification of universities.

I look forward to your response as soon as possible given the urgency of this situation for organisations and institutions across Scotland.

Yours sincerely,

**JENNY GILRUTH MSP**

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