

Dear Convener,

In advance of the session to be held on Thursday, 11 January 2024, please find attached three documents which represent our written submission to the Committee in order to inform the evidence session. Taken together these documents highlight what we believe to be the key issues which should be highlighted to the Committee as part of its scrutiny.

Firstly, please find attached the Draft Budget Submission for 2024/25 to the Scottish Government from Colleges Scotland. This submission set out the funding requirements for the college sector which would in turn have brought about significant returns for Scotland's economy, communities and for individuals.

In addition, please find attached a letter issued to the Deputy First Minister and Cabinet Secretary for Finance on Wednesday, 6 December 2023 regarding the Draft Budget, in addition to an analysis document completed by Colleges Scotland and issued to the college sector on Tuesday, 19 December 2023 following the Draft Budget Statement.

Finally, please also see the [media release](#) issued by Colleges Scotland on Wednesday, 20 December 2023 on the Draft Budget.

Should you need anything further from our side, please do get in touch.

Regards

Senior Policy Officer

Draft Budget Submission 2024/25



When Colleges Thrive, Scotland Thrives

Introduction

Colleges Scotland as the voice of the sector supports the delivery of thriving colleges at the heart of a thriving Scotland. Colleges Scotland, as the membership body, represents all 24 colleges in Scotland, which deliver both further education and around 13% of the provision of all higher education in Scotland.



Delivery of Education Reform Agenda

Colleges Scotland is seeking a leading role in the implementation of those recommendations identified as priorities by the Scottish Government in relation to the [Skills Delivery Landscape Review](#), [Independent Review of Qualifications and Assessment](#), and [Purpose and Principles for Post-School Education, Research and Skills](#).

To maximise the opportunities emerging from these reviews, the Scottish Government should not overlook the significant capabilities of the college sector when prioritising investment as part of reshaping the critical national infrastructure that is our tertiary education system.

We wholeheartedly agree that our skills delivery landscape should aspire to be world-class and should offer a distinct competitive advantage for Scotland. That is why we are asking for 2024/25, that the Scottish Government makes up the gradual reductions in core college

funding that have taken place in recent years and highlighted by Audit Scotland, and restore college revenue to make up for inflation.

Repurposing of the Education and Skills Budget

Colleges Scotland is seeking a repurposing of an element of the overall skills and education resource, currently sitting at £3.2billion in the 2023/24 Budget, to allow the college sector to deliver key Scottish Government priorities by establishing a new structural approach to skills delivery.

This would align with the vision detailed in the recent Independent Review of the Skills Delivery Landscape, led by James Withers, whilst reducing duplication and wastage within the system for the benefit of the public purse.



Repurposing Context

The Think the Unthinkable workstream taken forward by college sector leaders over the last twelve months has identified a number of potential changes to the delivery of skills, which were subsequently affirmed within the Skills Delivery Landscape Review.

Following discussions with the Minister for Higher and Further Education; and Minister for Veterans at the college sector's Think the Unthinkable Convention 6 in September 2023, Colleges Scotland will be providing further details on concrete and tangible models for the delivery of a future focused skills landscape, to provide reassurance to Scottish Government that the sector has the capacity and structures to deliver on these priorities.

These models will show how the college sector could deliver better returns on investment that contribute to more efficient use of resources, whilst at the same time contributing to the stability and sustainability of the college sector and delivering other Scottish Government outcomes and priorities.

These models will include work areas such as:

- Model for apprenticeship delivery
- Approach and model of a single funding body
- Future structure of skills planning and the college role
- Green skills delivery
- Models work, including Centres of Excellence.

Financial Context

The economic contribution of colleges in Scotland has been reinforced by the findings of Fraser of Allander Institute [research](#) completed in October 2023, which has evidenced the system wide impact of college graduates to the Scottish economy and the economic impact of the money that colleges spend. A repurposing of funding will enable this economic impact to be enhanced, for the benefit of the Scottish economy.

This latest research, which was launched in October 2023, shows that:

- For the 2021/22 graduation cohort, it is estimated that the Scottish economy in terms of GDP, will be cumulatively better off by **£8 billion** in present value terms over the long term, when compared to an economy without these skilled graduates. This is equivalent to a **£73,000 boost in productivity** per graduate to the Scottish economy.
- The Scottish Government's £740m investment, via the The Scottish Funding Council (SFC) in colleges in 2021/22, led to a **£8bn boost** to the GDP of the Scottish economy and a **£2.8bn boost** to government revenues. The investment in this college cohort therefore represented **9%** of the return in terms of the boost in GDP, and **26%** in terms of the boost to government revenues.
- The 2016/17 – 2021/22 college graduation cohort is estimated to have made the Scottish economy cumulatively better off by around **£52bn** over their 40-year working life, when compared to a scenario without these skilled graduates, helping to boost labour productivity by 2% in the long run across the Scottish economy.



- College spend helps to support an additional **4,400 jobs** across the Scottish economy, of which 2,700 are directly supported by college supply chain spending, and the remaining 1,700 are supported across the wider economy, as purported by the Fraser of Allander Institute modelling.

Investment for Priorities

Investment will deliver significant gains for the three priorities identified by the Scottish Government:

- Equality – Tackling poverty and protecting people from harm
- Opportunity – A fair, green and growing economy
- Community – Prioritising our public services.

The investment will allow the college sector to help the Scottish Government deliver its agenda by continuing to:

- deliver significant progress in tackling the poverty-related attainment gap

- upskilling and reskilling of adult learners, helping them re-enter the workforce
- deliver the skilled workforce for Scotland as the leading national provider of skills
- deliver the Just Transition to Net-Zero and dealing with the skills emergencies
- deliver lifelong learning opportunities and work-based learning
- deliver against the National Outcomes of the National Performance Framework
- deliver the ambitions and objectives established in the National Strategy for Economic Transformation (NSET)
- deliver enhanced and increased partnerships with industry, Innovation Centres, schools and community stakeholders
- deliver within their place and communities as recognised civic anchors
- deliver against the Fair Work agenda and to building equality.

Investment for Staff and Students

It is critically important that there is adequate funding to protect the human capital that already exists within the college sector. This investment is required to mitigate the social impact and real damage associated with significant staff redundancies and campus closures.



Investment to Seize Opportunities for Scotland

The information below starts to set out the scale of just some of the potential technology opportunities that would be missed if adequate investment in the college sector is not delivered by Scottish Government.

- **Energy Efficiency Low Carbon Heat** – **£33bn** investment required across Scotland's homes to meet Net-Zero by 2045. By 2030, it's estimated that overall **28,000 jobs** could be created by the shift towards low carbon heating, with net additional jobs of 16,400. The college sector will meet the skills needs associated with these jobs.
- **Offshore Wind industry** – projected investment requirements of £6.3bn per year between 2021 and 2035, totalling **£95bn**, is predicated on the requirement for 40,000 jobs over and above those for which there is current capacity. Many of these jobs would be supported by college programmes, and therefore without adequate investment in the college sector starting now, this investment potential is at significant risk with huge losses to Scotland's economy and future potential in this work area. This is based on 30GW of output for offshore, with an additional 10GW planned for onshore wind generation.
- **Hydrogen** – Scottish Government itself has projected that the hydrogen economy could support between **10,000 - 40,000 jobs** by 2045, again with the majority at a skills level that would be delivered through colleges.

- **Transport Infrastructure** – it is projected that **£9bn** investment by 2026 is planned in Scotland, requiring an additional **25,000 skilled workers** to replace those expected to retire or leave the industry in the next five years. The college sector will meet the skills needs associated with these jobs.

In addition to the above, there are workforce requirements in carbon capture and storage, heat networks and advanced manufacture, as well as in existing job training requirements across energy, engineering and construction.

Lack of Investment

Without the requested investment through repurposing existing resources towards the college sector, the lack of investment will impact the ability of colleges to support Scotland.

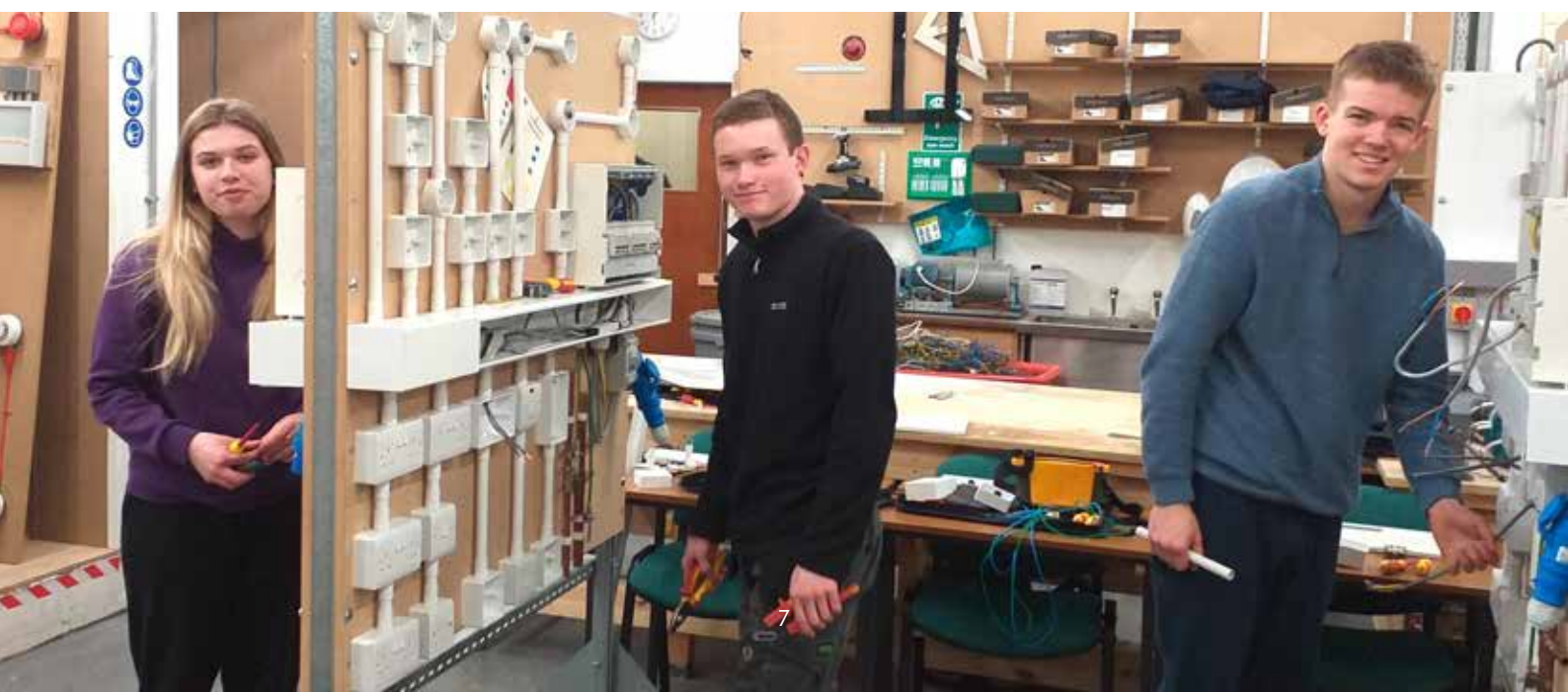
Recent evidence presents the stark differences in the baseline amounts invested in college students, and the real disparities across our educational settings.

College students deserve parity of investment and Colleges Scotland has consistently called for stronger, longer-term funding to help colleges thrive. The gap between secondary school, college and university funding should be closed as soon as possible.

Extract from a [SPICe briefing](#) to the Education, Children and Young People Committee:

Average expenditure per place for each education level in real terms (2022/23)	
Pre-school	£9,273
Primary School	£5,916
Secondary School	£7,657
College	£5,054
University	£7,558

Lack of investment would realise the following risks.



Risk: Destabilise Individual Institutions

There are significant concerns about the financial position of colleges as, even before the Covid-19 pandemic, the strains on the college sector were clear. There must be stability, and then sustainability, for colleges.

Audit Scotland, in its Scotland's Colleges 2023 briefing paper published in September 2023, stated:

The Scottish Government has budgeted revenue funding for the college sector comprising £675.7 million in each of 2021/22, 2022/23 and 2023/24. After taking account of inflation, this represents a reduction in real terms of 8.5 per cent from 2021/22 to 2023/24.

The SFC has set a college revenue budget for AY 2022/23 of £675.3 million, a reduction of £36.5 million (5.1 per cent) from AY 2021/22.

Risks to the college sector's financial sustainability have increased since the report in 2022. The previous report drew on colleges' accounts for AY 2020/21 and concluded that it will be difficult for colleges to balance delivering high-quality learning at the volume expected while contributing to other Scottish Government priorities. These risks to the sector's financial sustainability have increased since then.



Risk: Damage the Chances of Scotland's Children and Families

As civic anchors, the 24 colleges in Scotland play a vital role in the social and community make up of 'our places' i.e. the combined physical, social and cultural environment. Colleges help the most disadvantaged and furthest from the labour market, and power regional economies by delivering the skilled workforce and innovative practice needed by business and industry, giving opportunities for all.

As the latest SFC [report](#) on Widening Access evidences, college enrolments for individuals from SIMD20 areas account for around **28%** of full-time higher education intake and **33%** of full-time further education college intake, with a further **20-25%** of enrolments from SIMD20-40 areas.

A [report](#) by the Sutton Trust identified that **90%** of those learners from the most socially deprived background that went to university did so through colleges – underlining the importance of a streamlined learner journey.

Colleges support social cohesion, positive and resilient mental health and wellbeing of both our learners and our communities. They provide the necessary pastoral support to students, including preventative mental health services and in-college student support services which are fundamental to improved retention and attainment rates as colleges continue to deliver on widening access.



Risk: Reduce ability to tackle the Climate Emergency

The risks to Scotland's response to dealing with the Climate Emergency will be negatively impacted without an adequately resourced college sector. Addressing climate change becomes more challenging without the appropriately skilled workforce being in place to meet the current and future industry needs, placing Scottish Government at greater risk of missing its climate change targets.

Going forward, colleges across Scotland are needed to help Scottish workers and apprentices, to keep pace with technological, environmental, and labour market changes, and to increase workforce and business resilience to future disruption as the economy both recovers from the impact of Covid-19 and transitions to a net-zero, low-carbon inclusive format in response to the Climate Emergency.

Colleges played their part throughout the 1980's and 1990's by taking students whose previous working lives had disappeared from under them due to the changing industrial landscape, and Scotland now faces the same challenge in trying to support people move into the green economy. The opportunity for people to learn at college, at all stages in their lives, must be there.

Risk: Halt the Delivery of a Fairer, Greener Economy

Colleges are, and will continue to be, the powerhouses of Scotland's economy and are the place where this generation and the next are supported into careers by joining the workforce or continuing their education. Colleges are characterised by an ambition for greater collaboration across the skills and learning landscape, between schools, colleges, universities, and other providers, and outwards with employers, businesses, and industry sectors.

Without the identified investment set out in this Draft Budget submission for the college sector to overcome the skills emergency, there will be significant impacts to both staff and students, and risks to potential investment and opportunities, which will mean that Scotland would not maximise its economic potential in areas such as green technologies.

Revenue

Colleges Scotland, representing the views of Scotland's 24 colleges, sets out a revenue investment position of £704.9m for 2024/25 (excluding student support funding) as per the table below. The amount of repurposed resource within the wider Education and Skills budget being sought for the college sector to restructure skills provision is subject to ongoing discussions with Scottish Government.

Investment Requirements for Academic Year (AY) NOT including student support	2024/25 £m
Revenue Funding	
Baseline teaching (2023/24)	521.6
Sustainable Revenue – Based on CPI September 2023	35.5
Rebalance of college funding	45.5
Recurring Cost of 22/23-23/24 Staff Pay Offer	51.0
Energy additional costs premium	12.0
Digital Access	7.8
Mental Health and Wellbeing Fund	5.5
Transition Fund	26.0
Total Revenue Request	704.9

This investment position sits separate to the following:

- Further requests for the Scottish Government to repurpose funding to the college sector within the wider Education and Skills portfolio budget, for specific proposals as set out above, which Colleges Scotland will continue to work with Scottish Government officials on.
- The need for colleges to receive the required urgent focus and investment in order to offer the required training and skills necessary to achieve a just transition to Net-Zero.

Assumptions

- We ask that the Scottish Government carefully considers the current and future impact of inflationary pressures on the college sector and refers to the Office for National Statistics Consumer Price Index for inflation figure when evaluating future funding levels.
- These figures do not include Student Support or PFI/NPD costs.
- These figures do not include the cost of implementing Job Evaluation across the college sector.

Baseline Teaching (From Previous Year)

The final funding revenue allocation for AY 2023/24 acts as the baseline teaching figure for the revenue funding going forward.

Sustainable Revenue – Inflation

In order to protect the spending power of the revenue budget, this needs to be increased to reflect inflationary pressures. Our position reflects the latest CPI measure as of September 2023.

Rebalance of College Funding

This amount would address the reduction in funding for the sector of 8.5 per cent in real terms between 2021/22 and 2023/24, while the sector's costs have increased, as highlighted by Audit Scotland in its Scotland's Colleges 2023 briefing. This would start to deal with the expectation on colleges to do more with less, and help to restore the opportunity to deliver a great learning experience.

We appreciate the figures used by Audit Scotland are for Financial Years, but this provides an approximate figure for the equivalent Academic Years. We have included an ask for the amount related to college funding excluding Student Support.

Recurring Cost of 2022/23-23/24 Staff Pay Offer

As of the date of this submission, the estimated costs related to the trade union's pay claims for both lecturer and support staff in 2022/23 and 2023/24 would add a further £51m to the college sector pay bill, if agreed by the trade unions. This amount would be consolidated going forward.

Clearly, this level of pay increase cannot be absorbed without significant impact

on staff and students, and Colleges Scotland is expecting additional funding from Scottish Government to cover the recurring costs of these pay claims.

As Audit Scotland outlined in their 2023 briefing on the college sector, rising staff costs are the biggest financial pressure for colleges, with the strategic workforce pressures facing colleges being more challenging than before. Effective, affordable workforce planning is now a greater than ever priority and challenge for colleges, and this process requires support from the Scottish Government.

It should be noted that for every £1m not made available as part of this Draft Budget submission, this equates to an amount of resource equivalent to 20 jobs from within the college sector.

Energy Additional Costs Premium

This has been included as an addition due to the level of increases seen by colleges of their utility bills. We have worked with APUC to produce a realistic ask around the expected additional costs for Academic Year 2024/25. This ask has been informed by the latest evidence from APUC on current energy market price trends, using the latest market intelligence.





Digital Access

For colleges to deal with the ongoing challenges facing learners in terms of Digital Poverty, there is a need for a Digital Access fund – one with built-in flexibility for colleges to provide appropriate equipment and data connection for non-school based learners to ensure their engagement with learning and teaching activity.

This fund would build upon the previous investment to address Digital Poverty as allocated to colleges by the SFC since Academic Year 2020/21 and, more importantly, meet the continued demand for digital access from learners.

Meeting this demand would:

- Enable more learners from SIMD10 and SIMD20 postcodes to be able to connect
- Supports people access training or retraining
- Provides equity of access to digital learning.

For the purposes of formulating the level of ask, through publicly available data, Colleges Scotland has estimated the number of non-school based learners at college who do not have access to a laptop and/or data provision. The investment required from Scottish Government to help deliver the digital device pack approach for the college sector is as follows:

- Cost of standard specification laptop – £400 each
- Cost of 12 months data package – £300 each
- Total cost per learner – £700.

Total investment required for this Digital Access Fund to ensure all non-school based learners in digital poverty have adequate access to a laptop and data is **£7.8m** per annum.



Mental Health and Wellbeing Fund

It is critical for colleges to support the mental health and wellbeing of our staff and students. The pressure of the pandemic has clearly impacted health and wellbeing for many, as evidenced by the [Thriving Learners](#) research published by the Mental Health Foundation in the college sector.

Colleges Scotland is seeking investment to enhance learner welfare and to build capacity for colleges to offer additional mental health interventions to build on the existing Student Mental Health and Wellbeing Transition Fund in place for 2023/24, and deliver the ambitions of the Mental Health and Wellbeing Strategy in practice.

The demand for this type of support had existed previously which has grown over recent months and is required to ensure adequate support for our staff and learners and to support the relevant outcomes from the National Planning Framework relating to health.

A specific request of £5.5m for 2024/25 is being made in order to ensure the college sector is adequately resourced to support and maintain vital services for the benefit of both our students and staff. In doing so, we would expect that this funding would be allocated from the Mental Health budget within the wider Scottish Government Health Budget and delivered through the SFC to institutions.

Transition Fund

Given that the transition funding in 2023/24 was removed to pay for the teacher pay settlement, it is essential that the Scottish Government provide a transition fund in 2024/25 of **£26m or more**. This transition fund will allow colleges to pivot to the new landscape and to be able to maximise the opportunities as set out by James Withers in his Independent Review of the Skills Delivery Landscape.

Infrastructure

Separate investment is required for college estates, which are in a dire state of repair, with previous investment being used to maintain sub-standard buildings. Students are learning in inequitable conditions compared to schools and universities, and investment is required in college digital infrastructure that will provide fit for purpose digital facilities to meet the demands of our students and stakeholders for a modern hybrid learning environment.

There should be an immediate solution to the renewal of Scotland's college estate and digital infrastructure as a key pillar of investment of public sector assets. It is our estimation, as per the table below, that **£ 775m** is required to bring buildings up to current building standards, with additional funding required to assist the Scottish Government in achieving its Net-Zero target.

As noted in the Education, Children and Young People Committee's report on [College Regionalisation](#), as well as in the

Audit Scotland briefing on Scotland's Colleges 2023, there are extreme concerns about the significant level of backlog and life cycle maintenance required to ensure that the college estate is wind and watertight, to improve the adverse learning environment and subsequent impact on learners. This comes in addition to any costs that will be incurred (both now and in the future) by colleges in responding to potential issues in relation to Reinforced Autoclaved Aerated Concrete (RAAC).

The college sector is working with the SFC to deliver an Infrastructure Investment Plan, following the publication of the College Infrastructure Strategy in November 2022. We are now seeking the full support of the Scottish Government to explore how the requisite resource can be provided to remedy the outstanding maintenance issues and subsequently place colleges on the path to Net-Zero, through a plan for a national renewal of college estates per the recommendations outlined by the Education, Children and Young People Committee.



The table below sets out the needs as reported by individual colleges to a survey conducted by Colleges Scotland in 2022. **Please note this does not include any estimate for the cost of dealing with RAAC.**

Infrastructure Area	Finance Required 2024/25 £m
From the survey, the costs required to bring the college estate up to the baseline condition	250
Where a campus/building is life expired, what was the professional valuation undertaken to arrive at a replacement cost	525
TOTAL	775

In addition to the infrastructure categories identified above, colleges require financial support to:

- Receive lifecycle maintenance costs of approximately **£25m** per annum from 2023/24 onwards, plus inflationary increases.
- Provide appropriate digital infrastructure.
- Reach the goal of Net-Zero, with better building investment choices and demonstrating to learners the advantages of a Net-Zero environment.
- Manage and mitigate the impact of RAAC within the college estate on learning and teaching activity.



Positive Contributions that Colleges Make to Scottish Government Policy Priorities and Scottish Society

Colleges Addressing Scottish Government Priority – Equality

Impact on Poverty

Amidst the cost-of-living crisis, it is clearer than ever that colleges, as community anchors, are more than just places of learning. Colleges are crucial public sector assets in supporting the delivery of social justice and the national mission for tackling child poverty.

The college sector will drive and facilitate actions and interventions to create safe spaces and support learners. Colleges, working in partnership as part of multi-agency collaborations, are actively mitigating the impact of poverty in all of its forms on students and communities and creating far reaching opportunities and success for students.

For young people, college is the most popular destination for those from the lowest socio-economic backgrounds – 38% of school leavers from SMID20 move into further education – compared to a figure of 28% of school leavers overall. There absolutely must be a college place waiting for them when they make that choice. Colleges provide a wholly effective pathway for adults to give them a route to a brighter future out of poverty and gain a qualification which can increase their self-esteem and significantly improve their chances of getting a job, and increasing their household income.

Through supporting transitions for students and developing sustainable pathways for individuals out of poverty, colleges are making a significant impact in tackling poverty and inequalities, and in doing so are delivering on the Scottish Government pledge to facilitate ‘material improvements in the lives and wellbeing of families across Scotland’.



The TRUST (Trauma Responsive Unique Support Tailor-made) Project at West Lothian College has been successful in keeping young people out of poverty, out of custody, and into education and employment.

It aims to remove barriers that have prevented young people who have experienced trauma to access education and all the personal, economic and societal benefits that brings. A critical aspect of the project is to guide young people away from negative paths that lead to them being detained in the criminal justice system.

It is a stepping stone into education, with bespoke courses designed for each individual to follow their desired pathway. The TRUST team works closely with partner agencies to ensure trauma, addiction, and poverty are addressed and do not block future success.

Supported by the project, young people have improved their family relationships, financial situations, employment prospects, and wellbeing. It has been instrumental in the personal and social development of students supported directly within the project and other students on mainstream courses across the college.

Poverty is sadly a daily struggle for many students. At West College Scotland staff acknowledged the increase in the number of students who were struggling to access basic resources such as food and clothing to sustain them and their families. With a number of college departments running their own 'foodbanks', the college's Wellbeing team recognised the need for a centralised approach where all students could access the same resources.

Located at each campus, the Green Rooms were set up to provide access to basic provisions such as dried and tinned foods, clothing both new and freshly laundered, pre-loved items, and general goods. Items are made available for free to both students and staff, similar to a foodbank style set-up.

These rooms are discrete and tackle the stigma that some may have about accessing provision available in more central pantries. This comes at no cost to students who are encouraged to take whatever they need.

This is resourced entirely through donations from both the college community and a small number of external partners. Volunteer members of staff and students, co-ordinated by the Wellbeing Advisors, take care of the day-to-day running.

Colleges Addressing Scottish Government Priority – Opportunity

Impact in Delivering National Strategy for Economic Transformation

Colleges are, and will continue to be, the powerhouses of the required economic transformation throughout Scotland. They will be the place where the necessary **workforce will be skilled up**, and this generation and the next, will be supported into careers by joining the workforce or continuing their education. Colleges are characterised by an ambition for greater collaboration across the skills and learning landscape, between schools, colleges, universities, and other providers, and outwards with employers, businesses, and industry sectors, **leading to a fairer and more equal society**.

Scotland's 24 colleges provide education and skills training to approximately 236,730 students each year, in a mix of full-time, part-time, in person, and remote learning, as well as delivery in partnership with schools, employers and other stakeholders. Around 111,459 college enrolments are linked to industry. This allows colleges to contribute to **productive businesses and regions, and to support entrepreneurial people and culture**.

Scotland's colleges are best for the seeds of recovery to take hold and flourish, with a **recognised culture of delivery** and already holding the expertise and ability to deliver reskilling, upskilling, career improvement and holistic support to people locally and regionally, across the country, ready to take advantage of the emerging **new market opportunities**. This role will be especially vital in transitioning the existing workforce into new emerging sectors.

Colleges are also essential components in developing and delivering a genuinely 'placed based approach' to regional and local skills planning. This would be done in partnership with the proposed Scottish Government skills planning function as recommended by the Skills Delivery Landscape Review.

There is a requirement for funding for innovation – to recognise the role of colleges within the innovation landscape and in support of the Scottish Government Innovation Strategy, as well as funding for sustainability, climate change, green efficiencies, child poverty, and starting to move colleges to Net-Zero with better building investment choices, active travel and working from home. Further work on these aspects will follow in order to identify specific costs but it is important to recognise the need for these funds to ensure colleges can fulfil their potential in supporting wider Scottish Government ambitions.



Alex Marshall is a pupil at Queen Anne High School in S5, working towards her higher qualifications but also doing a Foundation Apprenticeship (FA) in Business with Administration at Fife College. As part of the FA, Alex has undertaken a placement in the college's internal communications department.

Alex said: "My apprenticeship has benefitted me a lot, I have learned to be more confident when speaking to people. It's also improved things such as my time management as some of the

assessments are sent out to do in our own time with a deadline, meaning that I have to plan when I will complete it. The apprenticeship gives me a lot of freedom compared to school and I really enjoy it because of this.

"In the future I plan to go on to do my HNC and HND both in Business. I have really enjoyed college and the way you are treated compared to school and due to this I've applied for my HNC in Business next year. I hope to run my own business in the future."

Addressing Climate Emergency

Scotland's colleges are at the very heart of our skills delivery landscape as we transition to Net-Zero by 2045. With ambitious climate targets comes an ambitious opportunity – Colleges Scotland is clear that in delivering Net-Zero we must grasp the chance to be a global leader in green skills; we believe Scotland's training and delivery could be an area of distinct competitive advantage.

Going forward, colleges across Scotland will also continue to help Scottish workers, and Scottish apprentices, to keep pace with technological, environmental, and labour market changes, to increase workforce and business resilience to future disruption and deliver transitions to a net-zero, low-carbon inclusive format in response to the Climate Emergency.

Colleges are ideally placed to support organisations across Scotland to rebuild businesses and their confidence and to do this with the Net-Zero targets in mind, whilst creating opportunities to

develop resource efficient, inclusive, and sustainable economic approaches, which help address inequality and poverty.

Given the college sector's extensive networks and unique reach to SMEs, colleges have a key role to play in supporting net-zero related innovation activity in these businesses, whilst driving regional economic developments and recoveries focused around moving towards a net-zero economy and simultaneously maximising the opportunities for workers to develop their skills as part of these changes.

Recent reviews of the skills landscape are united in their concerns that the current demand for skills training is outstripping the provision, as Scotland is beginning to experience significantly increased demand regarding green jobs.

As the Scottish Government is prioritising equality, opportunity, and community, colleges are ready to respond to the forecasted need for green jobs and increase the current provision of training, re-skilling and up-skilling across Scotland's colleges.

Glasgow Clyde College has devised a programme of Green Skills courses including Electric Vehicles Charging Installation, Heat Pump System Maintenance, and Solar Thermal Hot Water Systems. The courses aim to support the upskilling of those already working in the electrical and energy sectors, to enable them to embrace and adapt to the increase in consumers and industry utilising low-carbon technologies.

The college has also created a net-zero energy-independent classroom powered by green sources such as battery storage, solar PV, and a wind turbine. The classroom serves as a living example of a Net-Zero 'island' of sustainability, integrating renewable energy principles into the curriculum and inspiring students to become environmentally conscious leaders. The result has seen the 'island' classroom utilising sustainable energy 94% of the time, with no need to draw from the grid, with surplus energy stored and utilised by other classrooms.

Colleges Addressing Scottish Government Priority – Community

Delivery of a Wellbeing Economy

Colleges are a vital public sector asset in leading and facilitating the transition to a Wellbeing Economy, and in delivering this Scottish Government priority.

By providing opportunities for upskilling and reskilling, and by working with employers to ensure current and future skills pipeline resilience for the labour market, colleges across Scotland will serve the collective wellbeing of current and future generations in line with Scottish Government ambitions.

With sustained investment from the Scottish Government, colleges can help accelerate the reshaping of the Scottish economy and deliver a just transition to a Net-Zero, nature-positive economy based on the principles of equality, prosperity and resilience in line with the [Wellbeing Economy](#).

Colleges already place an emphasis on purpose, prevention, and people across their activities, so are well placed to replicate these themes in building a wellbeing economy in partnership with the Scottish Government.



Katie McCafferty (41) and Mandy Mackintosh (43) are childhood friends who achieved their HNC Childhood Practice at North East Scotland College.

Both had both been working in the oil and gas industry for some time but after returning to work following the birth of their sons, felt somewhat disengaged with their respective roles.

Katie said: "It was a big decision to quit my job but as I was entering my forties thought that there would never be a better time to go for it. Starting college as a mature student was quite daunting at first but I can honestly say I've never looked back. It was a lot of work at times juggling classes, placement, and family life but I absolutely loved the course."

Katie's decision to take the plunge and return to education was the push that friend Mandy needed to follow suit. Mandy said: "When she said she'd been accepted on the course and why didn't I apply too, I decided to go for it! It was near the beginning of the new academic session by then so I applied on the Thursday and was on campus on the Monday."

The graduates have found jobs already as Early Years Practitioners.



Jonathan is a neurodiverse individual who was diagnosed with Autism and other learning disabilities. He became a selective mute and removed himself from any form of social interaction out of the comfort of his own home.

In 2022, Jonathan, with the support of his mother, enrolled in a programme that supports a one-year transition programme to employment for adults with learning disabilities and/or Autism spectrum conditions.

The collaborative efforts between Dundee & Angus College and the local Health & Social Care Partnership have provided the right environment for Jonathan to grow, break down barriers, and thrive. After 22 years of silence, Jonathan spoke for the first time in an educational context and has continued to develop his verbal skills.

Jonathan found a passion for working at the Nursing Bank Ninewells Hospital in Dundee during his work placement and has gone on to secure employment there where he confidently answers phone calls and handles reception duties as part of his role.

National Performance Framework

Investment in the college sector will ensure that the national public assets, and skills, experience, and abilities of the college sector can be utilised to help deliver on several of the National Outcomes. These include:

Education

We are well educated, skilled and able to contribute to society.

Economy

We have a globally competitive, entrepreneurial, inclusive and sustainable economy.

Poverty

We tackle poverty by sharing opportunities, wealth and power more equally.

Fair Work and Business

We have thriving and innovative businesses, with quality jobs and fair work for everyone.

Without investment in colleges, the Scottish Government ambitions around these key National Outcomes will be negatively impacted and potentially lost.

When Colleges Thrive, Scotland Thrives

The Scottish Government is placing a focus on delivering against Equality, Opportunity, and Community. Without significant and sustained proactive investment in the college sector as public sector assets, the delivery of these ambitions in practice will not happen.

The absence of this proactive investment will create a further absence of opportunities for those citizens furthest from the workforce and who are already the most socially isolated in their communities.

If the Scottish Government wants to enact real change in the lives of these citizens across Scotland and provide opportunities for both young learners and those returning to education, colleges must be resourced to make a difference to all types of students, whether this is helping them progress out of poverty and into fulfilling employment or supporting learners to fulfil their potential and move into careers or start their own businesses.

When Colleges Thrive, Scotland Thrives.



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Wednesday, 6 December 2023

Shona Robison MSP
Deputy First Minister and Cabinet Secretary for Finance
The Scottish Government
St. Andrew's House
Regent Road
Edinburgh
EH1 3DG

Ref: AW/TH

Dear Deputy First Minister and Cabinet Secretary for Finance,

Draft Budget 2024/25

Colleges Scotland as the voice of the sector supports the delivery of thriving colleges at the heart of a thriving Scotland. Colleges Scotland, as the membership body, represents all 24 colleges in Scotland, which deliver both further education and around 13% of the provision of all higher education in Scotland.

Context

The college sector finds itself on a burning platform, with the combination of real term cuts over several years with increased costs related to workforce, inflation and energy (amongst others). This has left a sector, which has the potential to provide so much to learners, communities, and the economy, in a situation where colleges are cutting staff, reducing courses and having to remove much needed support services from the students who need them most.

Draft Budget Submission

The college sector's submission in regard to the Draft Budget for 2024/25 is framed around two main areas:

- Restore
- Repurpose.

Restore

[Audit Scotland](#) highlighted the 8.5% cut in real terms funding between 2021/22 and 2023/24. Our Draft Budget submission includes an ask to restore this funding reduction, so that colleges are able to deal with the immediate burning platform they find themselves on, and to provide for short term survival. This will help to provide stability for the sector.

Repurpose

By taking the opportunities provided by the current Post School Education and Skills Reform agenda, this is a moment to look across the wider £3.2bn spend on education and skills and to repurpose some of this spend towards colleges, where the efficiency of the public pound can be realised. This will bring benefit to learners, communities, and the economy. This provides an

opportunity to create sustainability for the college sector in the longer term.

Fraser of Allander – Economic Contribution of the College Sector

The economic benefit to individuals and the Scottish economy for every £1 invested in the college sector has been clearly demonstrated by the recent independent report by [Fraser of Allander Institute](#).

This new research evidences that the Scottish economy will be £52 billion better off cumulatively over the 40-year working life of college graduates. The report shows that over their working lives, college graduates boost employment, increase real wages and contribute to increased trade and investment.

Researchers studied the impact of the 2016/17 to 2021/22 college graduate cohorts, and calculated that every college graduate in Scotland creates an additional £72,000 boost to productivity for the Scottish economy as a result of going to college. These graduates also help to support the equivalent of an additional 203,000 full-time jobs in the Scottish economy, over their 40-year working lives.

Colleges bring the added benefit of directly providing the equivalent of 10,700 full-time jobs, and they support a further 4,400 jobs elsewhere in the economy through their supply chain spending.

For just the class of 2021/22, the Scottish Government invested £740 million into colleges, which is projected to lead to an £8 billion boost to the Scottish economy, and a £2.8 billion boost to government revenues over the coming 40-year period.

I look forward to ongoing dialogue with yourself and your colleagues as you look to finalise the Draft Budget.

Yours sincerely,

Andy Witty
Director of Strategic Policy and Corporate Governance

CC: Cabinet Secretary for Education and Skills, Jenny Gilruth MSP; Minister for Higher and Further Education; and Minister for Veterans, Graeme Dey MSP; and Karen Watt, Chief Executive, Scottish Funding Council

Scottish Draft Budget 2024/25 Analysis – December 2023

The Scottish Government published its [Draft Budget 2024/25](#) on Tuesday, 19 December 2023. The Draft Budget will not be finalised until it has gone through the Scottish Parliament’s legislative process.

Government Spending on Colleges

- The Scottish Government will **reduce revenue funding** for the college sector, with the Draft Budget for 2024/25 provisionally confirmed as **£643.0m**. This represents a reduction of **£58.7m** against the Budget for 2023/24 of £701.7m, equivalent to **8.4%**.
- The Scottish Government has **increased** current levels of **capital funding** for the college sector with the Draft Budget for 2024/25 provisionally confirmed as **£84.9m**. This represents **an increase of £2.5m, or equivalent to 3.0%**, against the Budget for 2023/24. The final allocation of this funding is still to be confirmed and will be subject to further dialogue between the Scottish Government and Scottish Funding Council (SFC).

Below is the Level 3 breakdown of spending for the college sector in relation to the SFC:

	2022/23 £m	2023/24 £m	2024/25 £m
College Operational Expenditure	865.7	891.7	833.0
College Operational Income	(190.0)	(190.0)	(190.0)
Net College Resource	675.7	701.7	643.0
College NPD Expenditure	29.3	29.3	29.3
Net College Capital	74.7	82.4	84.9

Key points to note in the Draft Budget include:

- Reduced investment in the SFC, from £2.01bn in 2023/24 to £1.9bn in 2024/25. SFC has seen a reduction in administration costs from £7.8m in 2023/24 to £7.6m in 2024/25.
- Investment of £202.5m in Skills Development Scotland (SDS) for 2024/25. This represents a further reduction in the overall SDS budget, having seen a reduction from £217.1m to £206.6m between the 2022/23 and 2023/24 Budgets.
- Scottish Government “to provide opportunities for people to learn and develop their skills through further and higher education and apprenticeships”.
- Scottish Government to provide “vital financial support to students to support them in completing their studies in the face of significant cost of living pressures”.
- Scottish Government “taking action to support our colleges, universities and skills system with over £2.4 billion of investment, including protecting free tuition and driving forward our commitment to Widening Access”
- Students Award Agency for Scotland (SAAS) Operating Costs have seen reduction, from £13.0m in 2023/24 to £11.2m for 2024/25.

Education and Skills Portfolio Context:

- The Scottish Government has reduced the Education Reform Budget to £98.4m in 2024/25 from £99.4m in 2023/24.

- The Lifelong Learning Budget has been reduced from £277.2m in 2023/24 to £253.7m in 2024/25.
- Investment in Higher Education and Student Support has increased from £925.1m in 2023/24 to £1.48bn in 2024/25.
- The Scottish Government is to maintain the £200 million annual investment in the Scottish Attainment Challenge for 2024/25 in order to increase the pace of progress on closing the poverty-related attainment gap.
- The Scottish Government will invest £10 million capital in targeted device and connectivity provision for Scotland's most disadvantaged households with children, so as to benefit those households struggling with the cost-of-living crisis while also tackling digital exclusion amongst the most deprived learners.
- The Scottish Government is maintaining the commitment to continue to deliver 1,140 hours of high-quality early learning and childcare to all three- and four-year-olds and eligible two-year-olds, with early learning and childcare to benefit from the expansion of childminder recruitment and retention pilots to grow this part of the workforce by 1,000 more by 2026/27
- Education Scotland has received an increased investment of £29.2m for 2024/25 in comparison to 2023/24 funding levels, of £28.7m.

Capital

- Net College Capital funding has increased to £84.9m in 2024/25 from £82.4m in 2023/24 and £74.7m in 2022/23. Final details of allocations to institutions, and whether additional funding has been provided to mitigate the impact of Reinforced Autoclaved Aerated Concrete (RAAC), will be subject to further discussions between Scottish Government and the SFC.
- The Scottish Futures Trust will also see a further reduction in funding to £3.4m from £3.7m in 2023/24 and £3.9m in 2022/23.
- Overall Scottish Government Budget for Digital has increased to £208.8m from £148.3m in 2023/24.

Net-Zero, Energy and Transport

- The Climate Change spending plans incorporate a significant decrease in the Just Transition Fund to £12.2m in 2024/25 from £50m in 2023/24. Funding for Climate Action and Policy has also decreased from £29.7m in 2023/24 to £29m in 2024/25.
- Scottish Government to invest nearly £67 million in enterprise agencies and the Scottish National Investment Bank, to kickstart commitment of up to £500 million over five years to leverage private investment in ports, manufacturing and assembly work to support a thriving offshore wind supply chain and associated jobs.
- Scottish Government is providing £358m in 2024/25 to continue to accelerate energy efficiency upgrades and installation of clean heating systems.
- Scottish Government to support the maximising of offshore wind supply including through an increased investment in the Offshore Wind Supply Chain from £9.3m in 2023/24 to £66.9m in 2024/25.
- Scottish Government investment in Energy Transition within the Wellbeing Economy, Fair Work and Energy Directorate has reduced to £52.5m in 2024/25 from £86.1m in 2023/24.

Colleges Scotland
December 2023