



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Education, Children and Young People Committee

**Wednesday 17 May 2023**

**Session 6**



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**EDUCATION, CHILDREN AND YOUNG PEOPLE COMMITTEE**  
**15<sup>th</sup> Meeting 2023, Session 6**

**CONVENER**

\*Sue Webber (Lothian) (Con)

**COMMITTEE MEMBERS**

\*Stephanie Callaghan (Uddingston and Bellshill) (SNP)  
\*Bob Doris (Glasgow Maryhill and Springburn) (SNP)  
\*Pam Duncan-Glancy (Glasgow) (Lab)  
\*Ross Greer (West Scotland) (Green)  
\*Stephen Kerr (Central Scotland) (Con)  
\*Bill Kidd (Glasgow Anniesland) (SNP)  
\*Ben Macpherson (Edinburgh Northern and Leith) (SNP)  
\*Ruth Maguire (Cunninghame South) (SNP)  
\*Willie Rennie (North East Fife) (LD)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Graeme Dey (Minister for Higher and Further Education; and Minister for Veterans)  
Kamran Durrani (Scottish Government)  
Ivan McKee (Glasgow Provan) (SNP) (Committee Substitute)

**CLERK TO THE COMMITTEE**

Pauline McIntyre

**LOCATION**

The Robert Burns Room (CR1)



**Scottish Parliament**  
**Education, Children and Young  
People Committee**

*Wednesday 17 May 2023*

*[The Convener opened the meeting at 09:31]*

**Interests**

**The Convener (Sue Webber):** Good morning, and welcome to the 15th meeting in 2023 of the Education, Children and Young People Committee. Ben Macpherson sends his apologies.

I welcome Ivan McKee, who joins us for the first time as a substitute member of the committee. Our first item of business is to invite Mr McKee to declare any relevant interests.

**Ivan McKee (Glasgow Provan) (SNP):** I have no relevant interests to declare.

**The Convener:** Thank you very much. Your microphone was doing a bit of jiggery-pokery there.

**Universities and Colleges  
Funding 2023-24**

09:32

**The Convener:** The second item on our agenda is an evidence session on universities and colleges funding in the 2023-24 budget. I welcome the Minister for Higher and Further Education; and Minister for Veterans, who is joining us for the first time since his appointment, albeit that it is not the first time that he has been in this room. Welcome, Mr Dey.

Alongside the minister is Kamran Durrani, head of the funding and sponsorship unit in the directorate for lifelong learning and skills at the Scottish Government. Good morning.

The minister has indicated that he does not wish to make an opening statement, so we will move straight to questions.

Minister, where are the new pressures that have led to the £46 million planned uplift for further and higher education being identified as a necessary saving? What proportion of that money will be needed to settle the teachers' pay discussion? Are there any other areas in which that £46 million is now being spent?

**The Minister for Higher and Further Education; and Minister for Veterans (Graeme Dey):** The convener has hit the nail on the head in that this is principally about the teachers' pay settlement. Members will recall that the former Cabinet Secretary for Education and Skills indicated at this committee in February that the moneys owing to the teachers' pay settlement would have to come from within the education budget. That is principally what is at play here. There are always pressures on portfolio budgets at a variety of times, but that is the principal one that led to our taking this regrettable decision.

**The Convener:** Do you feel comfortable that you have almost pitted teachers against colleges and universities? You are perhaps saying, "Sorry, colleges and universities, you can't have this and you are not as important as teachers."

**Graeme Dey:** I do not think that our language around it has been of that nature. We have just tried to be open and transparent about what has led to this decision.

It is regrettable that we are not in a position to provide the additional money to colleges and universities that we had indicated that we would—that is what we wanted to do—but this is the reality that we are operating in, and we have to deal with the situation as it exists.

**The Convener:** Mr Kerr, you indicated that you have a brief supplementary question.

**Stephen Kerr (Central Scotland) (Con):** What is the total cost of the teachers' pay settlement for 2023-24?

**Kamran Durrani (Scottish Government):** It is about £188 million, which covers 2021-22 to 2023-24.

**Stephen Kerr:** I mean the money for 2023-24 that is impacted by the £46 million.

**Kamran Durrani:** That is £89 million, but the pressure also covers previous years' amounts.

**Stephen Kerr:** So, it is £188 million.

**Kamran Durrani:** It is £188 million. For 2023-24, the pressure was £188 million.

**Stephen Kerr:** Therefore, my question to the minister is, where is the rest coming from?

**Graeme Dey:** As the then cabinet secretary indicated to you at the time, that will have to be worked through the education budget as a whole, which is what is happening.

**Stephen Kerr:** That is a lot of money, minister. Where is it actually coming from?

**Graeme Dey:** It is, indeed, a lot of money, Mr Kerr, and you will recall that all parties called for efforts to get that dispute settled. That is what we did. It was welcomed, and you will appreciate that, in the context of the education budget, the current education secretary is having to make some tough decisions.

**Stephen Kerr:** Minister, you would also expect that, as the committee responsible for education scrutiny in this Parliament, we want to know where the other budgets are impacted. We want to know in detail where the rest of the money is coming from. We are not getting that information today, so will you write to us and give us a complete breakdown of all the different budgets from which this money is coming?

**Graeme Dey:** That remains a work in progress, but we will be happy to write to the committee with as much detail as we can provide.

**The Convener:** Thank you.

Colleges Scotland has described the cuts as "completely inexplicable" and coming at a time when

"colleges are already cash strapped".

Universities Scotland said that the cut

"will compromise our capacity to contribute to the nation's recovery."

What is the minister's response to those statements?

**Graeme Dey:** I think that it is explainable. We have explained why it is necessary, but I entirely recognise the disappointment and concern that have been expressed by both the colleges and the universities over the impact.

The cabinet secretary and I met Colleges Scotland principals and chairs last week. We also met the Colleges Scotland union representatives on the same day, and we met Universities Scotland. We have had some detailed discussions about this, and they have expressed their concerns—I understand those concerns entirely—but, particularly in the context of colleges, we are already attempting to move on from this jointly and to determine how we can support the colleges into a more sustainable position going forward. We are having and will have similar conversations with the universities.

**The Convener:** My colleague will ask about that support later, but, with regard to the timing of the announcement, why were colleges and universities not informed sooner?

**Graeme Dey:** They were actually informed as soon as it was practical to do that. The Scottish Funding Council process means that the final allocations are normally advised at the end of May. We wanted to do that as soon as we possibly could, and they were announced at the beginning of May. None of this is easy. We recognise the problems that it caused, but we did try to make them aware of the situation as quickly as we could.

**The Convener:** Understandably, it came as a surprise and a shock to them.

**Graeme Dey:** I recognise that.

**Bill Kidd (Glasgow Annesland) (SNP):** Minister, you have slightly pre-empted what I was going to ask about, but I have a couple of questions, which I will put together to see what we can get back.

You say that you have had meetings with the FE and HE sectors following the announcement. I have two questions about that: what particular concerns were raised, and are you aware of specific colleges and universities that now need financial assistance as a result of the decision?

**Graeme Dey:** I am not aware of any colleges or universities that require specific assistance. It is important to recognise that these moneys were for transition purposes and not part of the core teaching funding settlement.

I am reluctant to get into some of the specifics of what we discussed with the colleges and universities, out of courtesy to them. However, there is a joint recognition of some the challenges that they face and, particularly in the case of colleges, there is a commitment to work together

to try to find the additional flexibilities that colleges might want, as discussed in the committee report. Conversations are going on in that space. I am sure that the committee will wish to explore that further.

I would describe the discussions with colleges— notwithstanding the understandable upset that they had—as very constructive. I am confident that we can move forward from here and find a positive way forward. Our conversations with Universities Scotland have been more initial, but the cabinet secretary and I intend to build on those by engaging directly with the principals and chairs in what we hope will be a single gathering.

**Bill Kidd:** We have been informed by Unison, as well as by some people who attend or work in City of Glasgow College, that there will be job losses through compulsory redundancies and a lack of capability to agree voluntary severance payments. People are in danger of losing their jobs—indeed, they have been told that they are going to lose their jobs—and that was on the cards even before the cut in money. Have you not heard anything about that? I think that you will be hearing about it very soon.

**Graeme Dey:** I am entirely aware of City of Glasgow College's situation, both from the trade union perspective and from that of the principal. We need to be clear that the actions taken by City of Glasgow College are not linked to the £26 million, which was intended for transition purposes. That was being discussed with the Scottish Funding Council. However, I recognise that a flat cash settlement for colleges creates challenges. You will appreciate that colleges are stand-alone institutions and will react to situations individually. I recognise that the situation in the City of Glasgow College is particularly difficult, and I will meet the unions in due course. However, I am very clear that that situation is linked not to the £26 million but to wider issues in the college sector.

**Bill Kidd:** I can understand that that is the case, but the £26 million loss will impact further on that—at least I presume that it will. That is basically the worry. Did you say that you are going to meet the unions?

**Graeme Dey:** Yes. Perhaps it would be useful if I were to explain that the initial money was there to support what was termed “strategic change”. There were initial conversations taking place between the SFC and both sectors. Some areas that were being considered were: supporting institutional transformational planning; helping institutions to collaborate to deliver their provision; a national colleges estates assessment; and the development of a student record system. Those were some of the things that were under discussion and that was what the money was

being directed towards; it was not simply a way of providing extra funds for the sake of it—it had a specific purpose.

**Bill Kidd:** Right. Are you going to meet Unison and the other unions?

**Graeme Dey:** I think that I am meeting Unite very shortly. I met the Educational Institute of Scotland Further Education Lecturers' Association, EIS-FELA, last week. That is all in the pipeline.

**Bill Kidd:** Okay. Thank you.

**The Convener:** There is a lot of overlap in the questions. I will take a brief supplementary from Pam Duncan-Glancy before we go to Bob Doris.

**Pam Duncan-Glancy (Glasgow) (Lab):** Thank you, convener, I will be very brief, because I will get an opportunity to ask further questions. Are you content that 100 jobs could be lost? I take the point that the losses are not a direct result of the £26 million cut, but the letter that we received from the college said that it was as a result of the sector's budget cuts over several years. It is not fair to the people who are losing their jobs just to say that it is not because of the £26 million.

09:45

**Graeme Dey:** I think that I was stating a fact. It is not about the £26 million.

I am not comfortable that people are facing the prospect of losing their jobs—I am not at all comfortable with that—but, with respect, Ms Duncan-Glancy, I point out that we have already heard about the budgetary challenges that are being faced. If the committee or anyone else wants to say, as they are entitled to, that more money should be put into colleges, they will need to tell us where that money will come from.

This was partly the issue with the teachers' pay settlement. Everybody understandably wanted the then education secretary to settle that dispute, but she made it very clear that, for that to happen, the money would have to come from somewhere else. Regrettably, we do not have an endless pot of money, and a flat-cash settlement was as good as could be achieved, given the budget pressures that the Government is facing. As I keep saying, I regret the consequences for the colleges and for staff.

**Bob Doris (Glasgow Maryhill and Springburn) (SNP):** I want to ask about the £26 million. We were all pretty shocked when that was taken off the table; indeed, I was involved in representations to get the Government, and your predecessors, to signal that that £26 million would be embedded in the core settlement. As I understand it, if it had been, we would be looking at fewer redundancies—and any redundancies

would, we hope, have all been voluntary severance—and fewer course mergers and amalgamations. As we speak, colleges are finishing five-year forward plans. If that £26 million had been embedded in each and every year, we would have more lecturers, more associated staff and more courses. They were really disappointed in that respect. Although one year of £26 million might not have impacted on courses, lecturers and numbers, do you acknowledge that, had the money been embedded, it would absolutely have had an impact?

**Graeme Dey:** The £26 million was only for 2023-24—that was what was on the table. The other thing that I should say is that since 2012-13, the actual resource budget afforded to colleges has increased by over £168 million in cash terms. I recognise the pressures that colleges will have faced over that period, but the budget has increased.

Demand has increased, too, and inflation is putting pressure on everything else that we know about. That is why the exercise that we are currently engaged in with the colleges is so important. It is looking at how we make them more sustainable, and I assure you that that is what is driving the discussions.

**Bob Doris:** I do not want to just move on from the £26 million, minister. I get that it was for one year, but I thought that the on-going discussions were about getting some comfort and indication that the Government would be keen to see the money baselined into future settlements, with colleges changing their five-year plans accordingly. That has just not happened. My question, then, is this: will any Barnett consequentials that might appear for your portfolio be directed at colleges, given that they are the big losers from the reprofiling of moneys to fund the pay deals in schools?

**Graeme Dey:** If Barnett consequentials, as you have put it, were to appear or if the financial situation were to improve, I would say that colleges would be a priority for us. As we move forward, colleges will be at the very heart of what we are going to be doing. I entirely recognise the challenges that colleges are being presented with beyond the £26 million and, from my perspective, they would be a priority if and when an opportunity arose to support them better.

**Bob Doris:** If such an opportunity arose, we should be looking for those funds to be recurring and embedded into the colleges' core settlement instead of our having the whole question whether the money is recurring, non-recurring, transitional or embedded in the core settlement. I know that there was confusion between the Scottish Funding Council and the college principals with regard to what, exactly, that money could be used for.

**Graeme Dey:** Mr Doris, I cannot sit here today and say that there will be Barnett consequentials or more money available, let alone that, if such became available, it could be recurring over the next two, three, four or five years. It would be impossible to say that. What I can say to you is that, from our perspective—and contrary to how they might be feeling right now, given what has happened—colleges are very much at the heart of what we are planning for the coming years. Where it is at all possible, we will look to support them to that end through the budget.

**Bob Doris:** Have you made the case to Government colleagues for moneys to be transferred from other portfolios into the education portfolio?

**Graeme Dey:** Mr Doris, I think that you and others are well aware that the financial challenges that are faced by the education portfolio are replicated across Government. As a consequence of issues outwith our control, the Scottish Government's budget has suffered a significant hit. The public finances face what is probably the biggest challenge since devolution, so it is not the case that we can ask other portfolios to transfer money across to education—I wish that it were—because there are challenges for all areas of Government and we have to get through this in the best way that we can.

**Bob Doris:** I have no further questions on that, but when I meet the EIS-FELA at City of Glasgow College in a week or so, I will be asked those questions, so I am sure that you will understand why I am asking you those questions.

**The Convener:** I suppose that, when you are in government, it is all about choices, minister. I am sure that the choices across various portfolios are down to the decisions that your Government has made.

Mr Kerr has some supplementary questions.

**Stephen Kerr:** I respect the minister. He sat beside me in this committee just a few weeks ago. We have heard him ask questions of ministers who have come before us and we have heard him talk about his passion for this issue, so I do not doubt his personal commitment. However, it is a bit rich of him, as a minister, to say to us, as members, "Tell us where we can save the money and we'll spend it." We do not know where the money can be saved, just as we do not know where the rest of the money will come from to pay the teachers' settlement. If the minister wants a number of us to sit down and go through all his budgets with him, I am up for that, but he should stop pretending that somehow we have got the same vision of things as he has.

My question is simple. Colleges Scotland said:



“Colleges are needed more than ever to mitigate poverty in communities across the country, provide life-changing opportunities for people, and create the future workforce which will tackle the climate emergency.”

We all agree with that, but look at the record of the Scottish National Party in government for the past 16 years. It transpires, from answers that the minister gave to parliamentary questions recently, that the number of people studying in our colleges has gone down by 33 per cent in the 16 years of this SNP Government. Funding for every place has gone down by 10 per cent in real terms. Those are answers that the minister gave to parliamentary colleagues. This is a hatchet job on the college sector. How can the college sector do the job that we all know that it needs to do when it has been the victim of a Government hatchet job over 16 years?

**Graeme Dey:** Mr Kerr, as usual, there is lots of hyperbole and all that.

**Stephen Kerr:** These are facts.

**Graeme Dey:** Let us deal in facts. In 2021-22, there were 322,332 enrolments at Scottish colleges—an increase of 16 per cent since 2019-20. Colleges delivered 129,559 full-time-equivalent places, which is an increase of 0.5 per cent since 2020-21. A substantial amount of money is put into colleges for student support—£135 million is maintained—because of the very poverty challenges that you are talking about. We have directed a lot of that funding to students from the poorer areas, but my point with regard to funding—

**Stephen Kerr:** We have had 16 years of the SNP's record on this and the number studying has gone from 354,000 to 236,000, which is a 33 per cent reduction. That is a hatchet job on the capacity of the college sector.

**Graeme Dey:** Since 2012-13, the college sector budget has increased by £168 million.

**Stephen Kerr:** You came into Government—

**The Convener:** Okay—

**Graeme Dey:** I want to answer the central point. It is not a case of the Government or me passing the buck. Part of the fine work that this committee has done was its report on attainment funding. The additional moneys that were provided to tackle those issues were very much welcomed by the committee and the wider Parliament. That money has to come from somewhere.

**Stephen Kerr:** You are resorting to answer A again.

**The Convener:** Okay, Mr Kerr.

**Graeme Dey:** It is a fact. If we, collectively as a Parliament, welcome that, we have to recognise that if we spend money in that area, there will not

be money for something else. That is the reality of Government. I am afraid that we cannot simply say that there is more money for this and more money for that, whether it be for education or something else, without consequences. Unfortunately, these are the consequences.

**Stephen Kerr:** Open the books, invite us in and we will go through the budget with you.

**The Convener:** Thank you, Mr Kerr. We now move to questions from Ivan McKee

**Ivan McKee:** I have a brief supplementary question, minister, before I move on to my substantive questions. It is a point of clarification about the £26 million. You indicated that that would have been a one-off payment to the colleges for this year, but it is now being used to help to fund part of the teachers' pay settlement, which is clearly not a one-off payment, because it needs to be funded on an on-going basis.

**Graeme Dey:** There is a future pressure there.

**Ivan McKee:** There is no answer to that yet; it is a future issue. I just wanted to be clear on that.

As other members have indicated, the college sector views the situation as very significant. Earlier this week, I went to Glasgow Kelvin College to talk about this and other matters. I get a significant amount of correspondence about the issue, as do other members. One of the issues, among many others that Glasgow Kelvin College raised with me, was about the journey of that money, if you like, from the Scottish Government down to the colleges that are on the front line. I just want to unpick a wee bit of that so that we can understand some of the numbers behind it.

The money moves from the Scottish Government to the SFC and, in Glasgow's case, the Glasgow Colleges Regional Board. I will start with the Scottish Government. The economy directorate for 2023-24 has a £49 million budget. I know that the Scottish Government total operating cost budgets are generally significantly overspent and there is a total of £60-odd million in the most recent data that I saw from the Scottish Government. In terms of the total outturn for that total operating cost, what numbers can you give us about what happened for 2020-21, I assume, or perhaps 2021-22?

**Kamran Durrani:** Is the question specific to the DG economy budget?

**Ivan McKee:** I am sorry; I meant to say the total operating costs in the education directorate.

**Kamran Durrani:** The skills and education portfolio net total operating costs outturn for 2021-22 was £47 million against a budget of £43.6 million.

**Ivan McKee:** That is about a 10 per cent overshoot. Do you not yet have the data for 2022-23 or 2023-24?

**Kamran Durrani:** No, we do not have that yet.

**Ivan McKee:** Do you expect those to be similarly overshot?

**Kamran Durrani:** We cannot say at the moment.

**Ivan McKee:** If that is the case, the actual outturn for 2021-22 was less than the budget for 2022-23, so I assume that there will be an overspend again.

The question to ask then is what work can be done with a £49 million spend and a possible 10 per cent overshoot on it, so that we can understand what efficiencies can be made in that budget line to free up more money for the front line.

**Kamran Durrani:** Unfortunately, it is too early to say anything about the 2022-23 outturn, but I take your point.

**Ivan McKee:** Okay. It would be good to get a response back on that.

I move to my second question. The money then flows to the SFC, which has a budget that is somewhere north of £2 billion for 2023-24. How much of that money is used to fund SFC and how much flows through to the universities and colleges?

**Graeme Dey:** I can answer that. For 2023-24, the SFC administration budget is £7.784 million, which is comprised of £7.634 million resource and £0.15 million non-cash.

**Ivan McKee:** Thank you for that. Is any work being done on potential savings in those SFC administration costs?

**Graeme Dey:** Yes.

**Ivan McKee:** The third part of my question is about the Glasgow Colleges Regional Board, which forms another layer in the hierarchy. What are its costs and how much is being done to look at how much of that money can go to the front line?

**Graeme Dey:** The latest figures for 2021-22 have running costs of £675,000 for the Glasgow Colleges Regional Board. Mr Doris and the committee members who were here previously will be aware that the Government is considering options for the future governance of the Glasgow college region following the appraisals exercise that was done. I am aware of Mr Doris's views on that and of the views of others.

Any decision that I take will be subject to a 12-week public consultation, and I hope that we will

be in a position to take the decision and begin the process relatively soon.

**Ivan McKee:** To conclude, I would just ask you to come back to the committee with some more detail on the education directorate spend, the likely overspend and the work that has been done to figure out how to become more efficient with that £49 million-plus that is being spent on civil service support.

**Graeme Dey:** I can do that once the figures are available.

**Ivan McKee:** Thank you.

10:00

**The Convener:** Mr Doris has indicated that he has a supplementary question—on the topic of Glasgow, I suspect.

**Bob Doris:** I have said for a number of years now, including in submissions, that the regional board should go. Would the £675,000 that you mentioned—every penny of it—be retained by colleges in Glasgow, should the board be abolished?

**Graeme Dey:** Should the board be abolished, I think that it would be reasonable to assume that there would be some residual spend on, say, tapering-off costs, but, if such a decision were to be taken, it would be with a view to maximising the moneys that are available to colleges.

**Bob Doris:** In Glasgow? Would the money go to colleges in Glasgow—full stop—rather than to colleges in general?

**Graeme Dey:** To be clear—[*Interruption.*] Sorry, convener.

**The Convener:** I was just saying to Mr Doris that that was his last question.

**Graeme Dey:** Mr Doris—

**The Convener:** I understand what he is asking. He is asking whether the £675,000 will be spent—

**Bob Doris:** And will those funds be recurring or will they be non-recurring funds?

**Graeme Dey:** Mr Doris, the decision has not been taken. When it is, I will write to the committee in full, giving as much detail as I possibly can. You will appreciate that, at the moment, no such decision has been taken.

**The Convener:** Thank you, Mr Dey. We now move to questions from Stephanie Callaghan. Thank you for your patience, Stephanie.

**Stephanie Callaghan (Uddingston and Bellshill) (SNP):** Thank you, convener, and good morning, minister. Being realistic—and with inflation being so high—I think that it is very

possible that some of our colleges and universities are going to face serious financial difficulties. If that is the case, what support will be available to them?

**Graeme Dey:** Our universities are in the fortunate position, which colleges are not, of holding reserves. That said, some universities are less well placed than others, and we are very much alive to that. However, no colleges have indicated to us that they are in a parlous state, as such. Were they to do so, we would clearly engage with them on that.

I go back to my earlier point about the substantial exercise that is under way to identify how we can better support the colleges through existing budgets. One of the things that I have found in my seven weeks in post is that the landscape is very congested with regard to who does what and how the moneys flow across the entire skills sector. I firmly believe that all of that can be rationalised to good effect to ensure that, as has been mentioned, more of the moneys are available for the front line. That is part of what we are looking at just now. We want to ensure that the maximum amount of moneys are going to the front line to deliver for learners—we are committed to looking at that.

**Stephanie Callaghan:** I suppose that that takes us back to your earlier comment that transition funding is actually about making those kinds of changes. I would be interested in hearing more detail on that.

Newbattle Abbey College, which has written to us, has been involved in some commercialisation, with its heritage centre, weddings and so on. Obviously that sort of thing is quite unique to that college, but are those kinds of commercial aspects being considered? Are you exploring such issues and working with universities and colleges on them?

**Graeme Dey:** Other colleges will look to exploit their assets, and I suspect that some will now be looking at that even harder.

It is difficult to give you detail on this, given how much of it is still under discussion, but I think that everyone has ideas about how we could do things differently. Our approach to such ideas will be to say, “Well, why wouldn’t we do that?” instead of saying, “Why would we?” and to ensure that there is a positive response to any ideas that are brought forward.

As I have said, I have already seen some things that we could be doing differently—the colleges will have their ideas, too—and that conversation is under way. There is an opportunity to address the short-term financial pressures that we face, and then there is the longer-term question of how we

get the colleges on a much more sustainable footing.

**The Convener:** Ruth Maguire, will you continue our questioning on the theme of flexibility for colleges?

**Ruth Maguire (Cunninghame South) (SNP):** Good morning, minister. You will be quite familiar with the committee’s inquiry into college regionalisation, in which we called for more flexibility for colleges to manage their finances. You will know that they are restricted in their ability to generate additional income and that they have no ability to borrow or hold reserves, so we need to find a solution to enable them to operate within the current financial envelope in these challenging times.

When the previous minister visited the committee in November 2022, he was pressed on the urgency of those matters and on how quickly things could be dealt with. We now have the SFC’s review on sustainability. Will you talk about that? Also, you said that you met college principals and representatives last week. Did they come with specific ideas for what those flexibilities might look like and how you could assist them?

**Graeme Dey:** A number of flexibilities were delivered for this year. I can go into some detail on those if you wish, convener. They included changes to guidance that will enable colleges to deliver an optimal balance of full-time and part-time provision. The minimum credit target has been reduced by at least 10 per cent. Colleges that underdeliver on credit targets will still be allowed to keep 20 per cent of the funding for those credits. Backlog maintenance and lifecycle maintenance have been rolled into one funding allocation as opposed to our providing separate allocations for each, which will allow colleges to determine the most appropriate split between the two uses. That is what has been done thus far. I am keen to explore what we can do with colleges quickly and for us then to consider what we might be able to do beyond that.

To be clear, last week when we met the colleges, they did not come with a list of asks. However, late last year they produced a list of suggestions, some of which were acted upon at the time while others were not. We have asked them to come back to us with an updated list of suggestions.

Sitting alongside that, I have tasked officials with looking into ideas that I have that might be useful to colleges. I should be clear that those cover the resource area of the budget and also capital. I am very much alive to the fact that the colleges have net zero targets to meet. We are all aware of the ageing nature of some of the college estate. We

are looking at what it might be possible to do in that space.

Convener, you will appreciate that I do not want to break confidences here. We have to work through those matters with the colleges, but once we have reached agreement I will be more than happy to write to the committee about what we are doing.

**Ruth Maguire:** I appreciate that, and I appreciate the fact that you are not able to go into detail. What I am looking for is an assurance that we can demonstrate colleges' value by acting promptly on this and giving them those flexibilities.

**Graeme Dey:** To be clear, we are considering the flexibilities that we can provide without getting out of classification. The restrictions will, rightfully, still be in place, but I believe that there are things that we can do. The colleges believe that there are things that we can do jointly that will assist them in their day-to-day operations. We ought to be doing those as a matter of urgency. If some things will take a little longer, we will work on those with the colleges.

**Ruth Maguire:** In line with that, the other area that I want to ask about is the value of colleges in the work that they do for people who are furthest away from education. You will recall that we have spoken about that previously. Such work takes a fair bit of investment as regards both staffing and money. I want to highlight that and also seek your agreement on it in principle. Although that work is of great value to our communities and our learners, it is more expensive, so it is the type of area that can often be cut when budgets are tight. That adds urgency to ensuring that we get a bit of flexibility and sustainability for our colleges.

**Graeme Dey:** I am alive to that and to the geographical challenges that some colleges face. Colleges in Mr Doris's part of the world do not face the same issues as Borders College, which I visited a few weeks ago, or the University of the Highlands and Islands. We must be alive to the fact that there cannot be a one-size-fits-all approach. We must recognise that certain areas will have a far more challenging environment and take that into account as far as possible.

**Ruth Maguire:** Are you confident that our colleges will be able to continue delivering high-value but high-investment courses for citizens who need that additional support?

**Graeme Dey:** I recognise the issue and am aware of one course that has closed because of lack of demand. There will always be issues. My conversations with colleges show that they recognise the importance of that sort of delivery, as do I.

**The Convener:** We move to questions from Pam Duncan-Glancy.

**Pam Duncan-Glancy:** Before I go on to the questions that I was going to ask, I have a very short supplementary question based on what Ruth Maguire asked.

We have already briefly discussed the issues at City of Glasgow College. When you meet the principal to discuss some of those issues, will you discuss which courses might have to be cut and will you be carrying out an impact assessment?

**The Convener:** I ask for a brief response, minister.

**Graeme Dey:** Colleges are stand-alone institutions, Ms Duncan-Glancy. They are answerable to their boards for the decisions that they make in that regard—that is where the responsibility lies. In a broader sense, when principals make difficult decisions of that nature, I hope that they are mindful of the responsibilities that Ruth Maguire indicated and of the need to preserve key courses. It is entirely up to the college principals what they do, but those are our expectations. Whatever decisions they take must also be in line with the fair work agenda and must be taken in conjunction with trade unions.

**Pam Duncan-Glancy:** Thank you. That brings me on nicely to what I was going to ask about.

On the issue of college boards, is it the Government's intention to issue the good governance guidance at any point soon, and what is your view of having unions represented on boards?

**Graeme Dey:** My instinct is that trade unions should be represented on boards, and I anticipate that that will happen.

**Pam Duncan-Glancy:** The EIS has said that the stated cuts

"will make it more difficult for college lecturers to get a pay rise commensurate with that of their colleagues elsewhere in the public sector".

How do you respond to that?

**Graeme Dey:** I think that is a fair assessment and that it is, unfortunately, the reality. The colleges have been very clear about what the implications might be if they were to meet the EIS-FELA request for a pay settlement in full and about what that might mean for job losses. That is regrettable, but it is where we are.

When I met EIS-FELA representatives last week, I encouraged them to try to find common ground with the employers and I did the same when I met the employers. I hope and believe that they will shortly resume discussions. I hope that that will lead to an agreement, but that remains to

be seen. There must be some realism about the situation and I urge both sides to get together to find a way through.

**Pam Duncan-Glancy:** I do not think anything could be more real than 100 people in Glasgow, or 1,500 people across the country, possibly losing their jobs. Those are the figures according to correspondence that has been sent to the committee.

I have only been in this role for a short time, but there does not seem to be much direction for colleges or universities from the Government about its expectations. Can you set out when the Government will indicate its expectations to the Scottish Funding Council? Can you also set out your fair work expectations for colleges and universities?

**Graeme Dey:** We are very clear about the fair work expectations, and the colleges and universities know exactly what those are. The Funding Council has an on-going dialogue with both sectors. Are you asking about the guidance in a broad sense?

**Pam Duncan-Glancy:** I am being quite specific, particularly in relation to City of Glasgow College.

**Graeme Dey:** I go back to what we talked about earlier. If the thrust of your point is that we should be putting more money into the college sector to address that issue, that is fine, but where does that money come from?

We have been very clear that we are in a regrettable financial position and cannot put more money into the colleges. I spoke to EIS-FELA last week and made it clear. If there is no more money available from Government and the colleges are to fund that pay increase—unions are perfectly entitled to look for a fair settlement from their employers—unfortunately, the only way to do that is through job losses and course cuts. I wish that it was not so.

10:15

**Pam Duncan-Glancy:** That is considerably regrettable. The Government has had 16 years to sort stuff like that out and we are in the situation that we are in. It will not be an acceptable answer to people who might lose their jobs.

My final question is short. How would you describe industrial relations in the sector, minister?

**Graeme Dey:** Do you mean in the college sector?

**Pam Duncan-Glancy:** In the higher and further education sector.

**Graeme Dey:** As I have seen, as a member of the committee and then up close as a minister, the

industrial relations are not at all good. There have been disputes in eight of the past nine years. Having spoken to both sides, I think that we need to find some way of addressing that. The committee expressed a view on that previously and I share that view.

The universities are in a slightly different set-up in that the industrial dispute is United Kingdom-wide. There is a pay offer, which has been rejected. I have had conversations directly with Universities Scotland on specific issues that are happening in Scotland and I have sought to encourage it to engage constructively with the UCU to try to resolve the matter.

**Willie Rennie (North East Fife) (LD):** Welcome to your position, minister. It is good to see you on that side of the fence.

I feel sorry for you, because you have taken on a portfolio that is mired in confusion and delay, and it has been for some years. A characteristic of your contribution, which has been impressive so far, is that you have talked about taking quick actions. That will be a dramatic change from recent years. There is no international strategy for the higher education sector. There is no final purpose and principles statement—it was promised in the spring and is still not here. There is no skills alignment—it was promised six years ago and we still do not have it. Although you talked about flexibilities for the college sector, we do not have substantial change on that, other than what you mentioned.

My concern is that, on top of that, you have a £46 million cut. How will that help all of that? How will it help the college and university sectors to plan for the longer term, which you have acknowledged that you would like to happen?

**Graeme Dey:** The international strategy is being worked on. It is coming. The purpose and principles statement is pending. I am keen to see a bit more meat on the bones of that than there was initially. That is an element of the delay on that.

However, we have a number of things coming forward in a fairly concise period. We want to get the choreography of those right, not to manage it but to give universities, colleges and the committee the opportunity to consider matters in the round. The Withers review is also coming. The cabinet secretary and I are considering the timings of all of that in as much detail as possible in order to allow the two sectors to respond and the committee, Parliament and wider stakeholders to take a view. Our intention is to have extensive consultation with people on the back of that—I mean face-to-face consultation with the colleges and universities—to get good feedback on where we need to take all that work.

We are trying to take swift action, but we are also planning for the longer term to provide stability across all the sectors. We also want to have, across the skills and education landscape, a coherent narrative and a clear direction. In its work, the committee rightly indicated that colleges needed a clear steer on what their purpose is. I totally agree with that. That is what we are looking to do. They want it and we want to give them it.

The question is where the colleges fit into the overall landscape. I happen to think that this will be a key part of what we do as we move forward. However, at the moment, the colleges are doing so much and going in so many different directions—indeed, some are operating differently—and we need to make things much more coherent. We also need to declutter the landscape, because it is far too complex. I think that we can do that in the short to medium term, to make things a lot easier for people to progress.

I recognise that that is a bit of a waffly answer, but you will have got the thrust of what I am saying. I commit to keeping the committee as up to date as possible, with regular information.

**Willie Rennie:** That is all fine, but do you not think that it might just be a little too late? The colleges are already in a flat-cash situation, and the £46 million that they thought was coming is not. They are going to be making decisions right now about what to do, which positions to keep and which to remove, which departments to focus on and so on. Those decisions will be made without your having a single say, so is there not a danger that all of this is too late? Sally Mapstone at the University of St Andrews has been talking about a “managed decline”. Are you not concerned that you might just be too late to the party, that all the decisions will have been taken and that you will have had no say over any of them?

**Graeme Dey:** No, I am not concerned about that. I recognise that the timing is not good, and neither is the loss of the £46 million—although I should say, for context, that the loss of £20 million from the universities budget is a very small proportion of it. I am not downplaying that—I just wanted to provide some context, and I will come back to Sally Mapstone’s comments in a moment. I will just say that, from the discussions that I have had with the colleges, in particular, I think that we can do enough in the short term to stabilise the situation, which will allow us to kick on with what we—and they—need and want to do.

As for the universities, I have a great deal of respect for Sally Mapstone, but the facts do not bear out her comments about managed decline. If you look at the performance of the universities—and I can go through that information if you wish—you will see that this is a sector that, despite the challenges, is vibrant, with a fantastic enthusiasm

about it. The loss of the additional funding was a blow, but I think that, for the universities, the concern was more about the message behind that than the hard cash. They felt that we had somehow deprioritised them, when nothing could be further from the truth. However, I have taken the message on board, and we have been having a lot of discussions with universities about how we deal with this.

**Willie Rennie:** You will have heard me talk about this before, but, with regard to research performance, our UK Research Council funding has dropped from 15 to 12.5 per cent. We were brilliant at this before—brilliant—and we are still good, but we are going down. Surely that indicates managed decline. If that position is then reinforced with a massive cut to the budget and a flat-cash situation, it is not really an indication that you are fully committed to universities—which are a major generator of economic performance, are they not?

**Graeme Dey:** They are, indeed, but, as I have said on a number of occasions, if you want more money for universities, it will have to come from somewhere else. It is just a fact—that is where we are.

I have been speaking to individual university principals in recent days, and I think—I certainly hope—that there is an understanding that we value our universities. Two weeks ago, I hosted an event with the German education secretary and a number of our universities, and I think that that alone sends a message about the value that we place on their role as we move forward.

I get the contradiction that you have alluded to between that and the financial side of things, but I absolutely assure you that, like our colleges, our universities will be front and centre of what we are doing.

**Willie Rennie:** I have one more question. Are you going to do an Erasmus replacement?

**Graeme Dey:** The Erasmus situation—

**The Convener:** Mr Rennie, I am going to move on. I am not going to ask the minister to respond to that, because I am really conscious of the time.

I am going to bring in Stephanie Callaghan—and I am not going to let Mr Rennie sneak in.

**Stephanie Callaghan:** I will be very brief, minister. The committee has previously agreed that the purpose and principles statement is critical and central. I understand that there are loads of complexities in that respect and loads of things that have to fit together, but what is the likely timescale for publishing it?

**Graeme Dey:** Can I give you a specific date? No. Is the date relatively imminent? Yes.

**The Convener:** Thank you—[*Interruption.*] I thought that we were going to get another answer from the minister, but he was just clearing his throat.

**Graeme Dey:** Sorry—I was coughing.

**Ross Greer (West Scotland) (Green):** I will follow up the issues about City of Glasgow College. Like colleagues, I have met union representatives from the college, who believe that, at the same time as the compulsory redundancies are taking place, new management positions are being created. If well-paid senior management positions came into being at the same time as lower-paid support and front-line teaching and lecturing staff were losing their jobs, would that concern you?

**Graeme Dey:** If that were to be the case, that would be a concern.

**Ross Greer:** The college's principal earns a salary that is far in excess of the First Minister's.

**The Convener:** Mr Greer, this is going off-piste from what we expected. I am conscious of the time and that other members want to ask questions. Will you stick to the scope that was agreed? Thank you.

**Ross Greer:** I will stick to that and write later to the minister about the outrageous salary of the principal of City of Glasgow College.

**The Convener:** Mr Greer, please.

**Ross Greer:** Students at the University of St Andrews and the University of Stirling face 8 and 9 per cent hikes in their university accommodation rent at the same time as the reserves of the University of St Andrews have increased by £4 million—from £376 million to £380 million. Is it justified for universities to raise rents in their accommodation when they are banking money?

**Graeme Dey:** I will answer the question in as much detail as I can. Accommodation charge increases of such a size are concerning. I guess that the University of St Andrews would say that it is also providing £24 million in bursaries for poorer students. I have no doubt that it would rebut your point.

You are right about the situation at the two universities, which I have raised informally with them and will raise formally. I want to understand the position, although justifying such charges is a matter for them.

It is easy to look at reserves, as at underspends, and say, "Wow—that's a lot of money." If a body has that money and it is a rainy day, why is it not being spent? However, we must recognise—I certainly recognise—that it is reasonable to assume that institutions will retain reserves that are the equivalent of three to six months of their

expenditure. We need to be a bit careful about how reserves are viewed, especially if they are not cash reserves that can be readily drawn down.

There is a balance to be struck, but I take your point about accommodation charges. I think that I have had correspondence from you or one of your colleagues about that, which I will respond to.

**Ross Greer:** I think that Mark Ruskell has contacted you. Thank you for that.

On the wider point about reserves, I agree that universities should maintain sufficient reserves for operating costs and that not all reserves are in cash, but the University of Edinburgh's reserves have gone up by £36 million to £2.5 billion, which is far in excess of six months' operating costs. You are right that not all of that is cash, but a significant proportion of it is.

Has the Government analysed the reserves that Scottish universities hold and does it have a policy position on that? There is an issue for the public finances. It is right that we give our universities a very large amount of money each year. Some universities use that to be a going concern, but others are banking almost £40 million a year and now have reserves that are about four times what the Scottish Government can legally hold in its reserve at any given time.

**Graeme Dey:** One would be concerned if reserves were being banked just for the purpose of having them, but I suspect that some of the universities that you talk about are investing incredibly heavily in a variety of ways. I would be concerned about excessive reserves, but we need to look calmly at the situation and at what universities are delivering.

**Stephen Kerr:** I am all for calm and considered reflection. Last week, Sir Peter Mathieson called for that when he raised what he terms the brain and cash drain to south of the border. When the minister and I were both on "Drivetime" on BBC Radio Scotland, I listened carefully to him. Why is the Government not engaging openly and in a calm and considered way with Sir Peter's reasonable and reasoned approach on revenue that Scottish universities are not getting but could get and that is ending up south of the border?

10:30

**Graeme Dey:** I am glad to hear that you will follow Sir Peter's lead by taking a calm and rational approach, Mr Kerr.

**Stephen Kerr:** You can tell from the tone of my voice that I will do so.

**Graeme Dey:** Indeed—I was shocked. [*Laughter.*]

I spoke to Sir Peter last night, and we talked about that in detail. He was trying to make a helpful contribution to the debate. I understand entirely where he is coming from, but his central premise is wrong. The number of Scotland-domiciled students who go to university in England has come down. There is not an increase; it has come down. I will write to you with the figure on that.

Anecdotally, I do not doubt that Sir Peter is aware of certain cases. The central premise of the argument that he advanced is flawed, though. Nevertheless, of course people will hold different views on tuition fees. Your party holds different views from mine, Mr Kerr. The SNP fundamentally believes that a person's ability to learn, as opposed to their ability to pay for it, should determine their opportunity to go to university.

Another aspect that been a little lost in the discussion that followed that was that it is not simply about saying that certain students would have to pay tuition fees, as Sir Peter argued for in relation to those from wealthier families. They would have loan repayments as well, so it would involve substantial sums of money.

You are entitled to hold a view, Mr Kerr, and Mr Rennie's party will have a view. I am sorry to intrude upon Mr Rennie's grief about tuition fees. We hold to a view, which I am happy to defend. However, I am also happy to talk to people such as Sir Peter, who is a deeply respected individual. As I said, we discussed the matter last night. I will not share what we discussed, but it was a constructive conversation.

**Stephen Kerr:** The Scottish Conservatives' position on that, as you well know—I do not want to have it mischaracterised—is that we also support paid tuition fees. However, we understand that issues arise with those. When someone like Sir Peter—who is widely respected not only in Scotland or the United Kingdom but throughout the world—raises issues around other ways in which Scottish students might be able to get university places, we think it worth having a calm and considered debate. I am glad that you have done so, but when I heard the First Minister's response I thought that perhaps he had not read the article. He immediately shut down the argument.

None of us is saying that there should not be paid tuition; we are saying that we should look at other ways in which we can expand revenue streams for Scottish universities. I am not saying that that should involve Scottish families paying tuition fees for their sons and daughters to go to Scottish universities, but if it did, that can only be a good thing, surely.

**Graeme Dey:** I do not think that the First Minister shot it down, as you put it; he was just clear that the Scottish Government's position is that that is a red-line issue for us. Sir Peter is perfectly entitled to express his view. As you will know, he was very clear that he wanted a calm discussion and that it was all about taking a limited approach, but unfortunately in some quarters his view was portrayed as being that he wanted to reintroduce tuition fees, which is not what he was saying at all.

**Stephen Kerr:** That would not make sense—no.

**Graeme Dey:** However, that does not mean that we agree with him—we do not.

**Stephen Kerr:** So, I mean—

**The Convener:** You can have a final quick question, Mr Kerr.

**Stephen Kerr:** In the context of what we have been discussing, the colleges have had quite a lot of air time at this meeting, and rightly so, but the universities also need addressing. Let us put the whole discussion into context. In its submission to us, Universities Scotland said that

“university teaching funding had already been cut by the Scottish Government by 27% in real terms between 2014/15 and 2022/23.”

As Willie Rennie highlighted, it also said:

“The main research grant had been cut by 31% in real terms over the same period.”

We cannot afford to allow Scotland's universities to languish or to have a managed decline. Minister, I think that you agree with that. Will you affirm, here and now, that during your term of office as Minister for Higher and Further Education there will be no further decline in the funding of those institutions?

**Graeme Dey:** I want to go back to the central premise of your point. You spoke about a figure representing the decline in funding for university students. The universities arrive at that figure by using a methodology that is at odds with the one that is used not only by the Scottish Government but by your colleagues down south. I therefore challenge the figure that is being quoted. Do I recognise the general point that you made about decline? Yes, I do. However, if you use the same methodology as is used by the UK Government and ourselves, it is not on the scale that has been portrayed.

I cannot sit here and tell you that the financial picture will suddenly become rosier. As I said earlier, we will work closely with universities and colleges to do all that we can to improve sustainability in both areas.



**The Convener:** Thank you. We will end our session on that note. I thank both of our witnesses for their time.

The public part of our meeting is now concluded. We will consider the final two agenda items in private.

10:35

*Meeting continued in private until 11:43.*



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