

# Education, Children and Young People Committee

## 24<sup>th</sup> Meeting, 2022 (Session 6), Wednesday 5<sup>th</sup> October 2022

### College regionalisation

#### Introduction

The Committee is undertaking an inquiry on college regionalisation. The Committee intends to look at what has been learned from regionalisation over the past decade and how this might inform future change within sector.

The Committee launched a [call for views](#), which closed on 6 May, and has taken oral evidence at its meetings on 1 June, 8 June, 15 June and 21 September.

At its [1 June meeting](#), the Committee took evidence from Audrey Cumberland, Professor Sir Peter Scott and Nora Senior. The [papers published for that meeting](#) included a SPICe briefing; submissions from the Chair of the Lanarkshire Regional Strategic Body and New College Lanarkshire and the Chair of Glasgow Colleges' Regional Board; and a SPICe summary of the responses to the Committee's call for views.

On [8 June](#), the Committee took evidence from trade unions representing teaching and support staff at colleges, and from Student Partnership in Quality Scotland (sparqs), an organisation which supports student engagement in the quality of the learning experience. The [papers for that meeting](#) included a SPICe briefing as well as submissions from EIS-FELA and UNISON.

At its meeting on [15 June](#), the Committee took evidence from Student Association officers, Student Class Representatives and Student Association staff.

On [21 September](#), the Committee took evidence from Principals and Deputy Principals from colleges in the multi-college regions and Principals from colleges in single college regions. The [papers that meeting](#) included a SPICe briefing as well as submissions from Dumfries & Galloway College and College Employers Scotland.

#### Committee meeting

At this meeting, the Committee will take evidence from—

- Shona Struthers, Chief Executive and Andrew Witty, Director of Sector Policy, Colleges Scotland; and

- Karen Watt, Chief Executive and James Dunphy, Director of Access, Learning and Outcomes, Scottish Funding Council.

### **Supporting information**

The following information has been included in support of this meeting—

- Colleges Scotland response to the Committee's call for views is included at [Annexe A](#).
- A submission from the Scottish Funding Council, which was provided ahead of this meeting, has been included at [Annexe B](#).
- The Committee has received correspondence from the Public Audit Committee in relation to its recent scrutiny of the Auditor General's Scotland's Colleges 2022 briefing. This is included at [Annexe C](#).
- The Committee carried out an informal engagement session with senior figures from Developing the Young Workforce (DYW) on 5 September. A note of this meeting included at [Annexe D](#).
- A SPICe briefing on the issues being considered at this session is provided at [Annexe E](#).

**Education, Children and Young People Committee Clerking team  
30 September 2022**

## Annexe A

# College Regionalisation – Colleges Scotland Comment – April 2022

## Introduction

Colleges Scotland is the collective voice for the college sector in Scotland, representing its interests and ensuring that colleges are at the heart of a world class education sector that is recognised, valued and available to all. Colleges Scotland, as the membership body, represents all 26 colleges in Scotland, which deliver both further education and around 24% of the provision of all higher education in Scotland.

The Board of Colleges Scotland is composed of thirteen regional chairs, representing all of Scotland's college regions, in addition to four college principals and the Chief Executive of Colleges Scotland. Further information regarding our Board is available on our [website](#).

## Current Context

The draft Budget settlement for 2022/23 translates into a real terms cut to funding for colleges, leaving institutions without the resource they need to deliver some key aspects of provision that relied on COVID consequentials last year. It is important to be clear that the 2022/23 settlement is not an isolated budget outcome for the college sector – this most recent budget adds to the pattern of reducing investment over many years to the funding required to pay for the day-to-day operations of colleges.

The Revenue available to the sector is a flat cash position and therefore represents a real-terms cut to the core budget of **£23.9m** in AY2022/23 due to inflation, even before rising costs related to increased pay and rising energy costs for Scotland's colleges are taken into account.

Colleges received COVID consequentials in early 2021 to support deferred students, Foundation Apprenticeships, mental health and wellbeing initiatives and the provision of digital equipment for students. This funding has not been continued into 2022/23, leaving colleges with a further reduction of **£28m** on its baseline budget compared to AY 2021/22. This is in addition to the cost of inflation. Therefore the total reduction in the college budget for 2022/23 is estimated at **£51.9m**.

Colleges were already facing a series of cost pressures prior to the impact of COVID-19, including increasing cost pressures from cost of living pay awards, employers' pension contributions, maintaining the college estate and the UK's exit from the European Union.

As highlighted by Audit Scotland in its [Scotland's Colleges 2020 report](#) the deficit gap between colleges' total income and expenditure has grown to **£54 million**. This

is forecast to continue because of costs outwith the sector's immediate control, such as pensions and depreciation of assets. Robust long-term financial planning by colleges will be critical to achieving financial sustainability and auditors have highlighted a significant number of colleges that need increased funding, cost cutting - or both – to deliver balanced budgets in the future.

## Key Points

### Colleges Scotland Position

We fully recognise that the Committee is seeking views in relation to the regionalisation of the college sector, around how the sector may improve in the years ahead as well as in regard to future priorities and ways in which the colleges can adapt in light of current challenges, including those resulting from Covid-19.

As the membership body for the college sector in Scotland, it is not appropriate for us to provide comment on individual regionalisation experience of the college sector, given the range of views held on this topic by our members.

We would expect that individual institutions, representing the views of their Boards, will provide the Committee with a range of responses which can inform future change and improvement within the sector to ensure the best possible outcomes for students.

### Role of Colleges in Leading Skills Based Economic Recovery

Colleges are, and will continue to be, the powerhouses of Scotland's recovery from the Covid-19 pandemic.

The harm which has been caused to young people, individuals in work of all ages, and to the structure of the economy, requires a strong skills-led recovery over the coming years. Scotland's colleges are the best place for the seeds of recovery to take hold and flourish, already holding the expertise and ability to deliver reskilling, upskilling, career improvement and holistic support to people locally and regionally, across the country. Colleges already support a disproportionate amount of people from the most deprived SIMD areas into employment and opportunities, tackling poverty and providing equity of opportunity and student experience.

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 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

The impact of colleges realises the Scottish Government ambitions of supporting learners, widening access to education, closing the attainment gap, and providing a platform of skills provision for truly inclusive growth.

## Financial Stability and Sustainability Priorities for the College Sector

In terms of priorities for the college sector in the year ahead and looking more closely at the forthcoming Scottish Government Resource Spending Review, for the period 2023-2027, colleges are looking for stability and sustainability.

Investment in Scotland's colleges will deliver significant gains for the Scottish Government on the three priorities identified for the Resource Spending Review:

- to support progress towards meeting child poverty targets
- to address climate change
- to secure a stronger, fairer, greener economy, in line with the National Strategy for Economic Transformation.

Lack of investment will harm the chances of Scotland's children and families, create the conditions where addressing climate change becomes very challenging if the workforce is not in place, and damages learners of all ages in delivering a fairer, greener economy.

Through our Resource Spending Review submission to the Scottish Government, as provided with this submission, and in representing the views of Scotland's 26 colleges, we have set out a revenue investment position of **£572.9m** for 2023/24 (excluding Student Support and other specific funding streams), with uplift for inflation for 2024/25, 2025/26, and 2026/27.

## Infrastructure Strategy for the College Sector

A further key priority for the college sector which we would want the Committee to be aware of in taking forward their inquiry relates to Infrastructure, encompassing backlog maintenance and life cycle maintenance costs, in addition to financial requirements for colleges to reach Net-Zero status as required by 2045 and for new estates developments.

Last year saw the inclusion in the [Programme for Government](#) of a commitment for Scottish Government to "work with the SFC to develop an estates strategy for Scotland's colleges, establishing priorities for investment". The SFC will publish its infrastructure strategy later this year, which will be shared with Colleges Scotland and the college sector Infrastructure Investment Group, in addition to taking forward work around a Capital Investment Plan for the sector.

Colleges Scotland, working collaboratively with the Scottish Funding Council, convened five workshops in relation to the development of the infrastructure strategy in early February 2022. Consistent themes across the workshops included the need for significant investment to futureproof the college estate and address the backlog maintenance requirements.

It was also identified that there has been historical underinvestment in the college sector estates, and that under their current ONS classification, colleges are unable

to source alternative financing, which presents challenges for colleges to secure investment both to meet their obligations in line with the 2045 Net-Zero target, and to take forward plans for new estates developments.

## Conclusion

As outlined in the [Sector Statement of Ambition](#), published in December 2021, when colleges thrive, Scotland thrives. Colleges will continue to be inclusive and offer opportunities to everyone, building community wealth through education and training with a hugely diverse course offering and advancing social inclusion and delivering equality.

We would be open to future engagement with the Education, Children and Young People Committee on the views expressed in this submission to inform its inquiry into College Regionalisation and in facilitating engagement with representatives from the college sector including College Chairs and Principals.

Colleges Scotland  
April 2022

## Annexe B

# SFC Submission to Education, Children and Young People Committee: College Budgets

28 Sep 2022

## *Introduction*

1. The Scottish Funding Council is the national, strategic body that invests around £2 billion in tertiary education, research and knowledge exchange, through colleges and universities. Our ambition is to make Scotland an outstanding place to learn, educate, research and innovate – now and for the future. In pursuit of our ambition, we invest in tertiary learning and teaching; skills and apprenticeships; student support and participation; discovery research; innovation and knowledge exchange; data collection and dissemination; national quality assurance and enhancement processes; new and upgraded physical buildings and campus estates; essential digital infrastructure and collective procurement for the sector; and strategic change, and responsive provision and research priorities.
2. Scotland's colleges are fundamental to social, economic and environmental wellbeing and prosperity. They are anchor institutions in their regional economies, creating a pipeline of skilled and educated people, responding to employers' needs and providing opportunities for those furthest from the labour market. They help shape local places and communities through the jobs and opportunities they offer, and they act as a lifeline for individuals, tackling inequality through widening participation in tertiary education and by engaging in partnerships with the senior phase in secondary schools.
3. Colleges were already facing financial sustainability pressures when the Covid-19 pandemic sent shock waves through the sector here and across the world. In June 2020, in response to this external shock, Ministers commissioned the Scottish Funding Council's Review of Coherent Provision and Sustainability to review how we could best fulfil our mission of securing coherent provision by post-16 education bodies, and the undertaking of research.
4. We published our Review recommendations in June 2021 and our recommendations included:
  - a. the development of longer-term public funding assumptions;
  - b. protecting discovery research and investing in more targeted research;
  - c. development of a more systematic approach to the way we collectively plan coherent tertiary education and skills provision and investment, so that it responds better to current and future needs of pupils, students, employers and broader economic and social drivers;

- d. finding better ways to support learning throughout life; protecting the interests of current and future students;
  - e. recognising the importance of international education connections;
  - f. and galvanising current and future leaders across tertiary education, skills provision and research.
5. The Scottish Government broadly accepted our recommendations but recognised it “has big ambitions against fairly constrained resources” and that we need to prioritise time, resources and effort to best effect. We continue to work closely with the Scottish Government, particularly around future budget assumptions and the government’s intentions for publicly funded tertiary education.

#### *Overview of College Finances*

6. Scotland has 26 colleges operating in 13 college regions. Of the 26 colleges, 20 are incorporated and 6 are non-incorporated<sup>1</sup>. There are three multi-college regions each of which is overseen by a Regional Strategic Body.
7. Colleges employ 10,849 Full Time Equivalent (FTE) staff and support more than 213,000 students.
8. The financial sustainability of the college sector remains extremely fluid, with assumptions being constantly updated as circumstances change. The sector is not homogenous and there continues to be variation between institutions in terms of their financial performance that is not reflected in the aggregate indicators.
9. Colleges are operating in an extremely tight fiscal environment, with a flat cash settlement in Scottish Government funding for 2022-23, alongside many challenges such as increased staff costs, inflationary pressures and high energy costs.
10. SFC works closely with colleges to support them in managing their financial sustainability. They are due to provide medium-term financial forecasts, covering the period to 2026-27, at the end of September 2022 and therefore any figures included in this submission and at Committee will be subject to change following analysis of these returns.
11. At this point, the sector is forecasting an underlying operating deficit of £8.2m for AY 2021-22 which is projected to decline further in 2022-23. Cash and equivalent reserves are also forecast to reduce significantly by July 2023. Colleges have indicated that non-staff cost efficiencies have been exhausted and in order to reduce the cost base and maintain a sustainable trajectory, there will be a need to restructure their staffing.
12. SFC continues to engage with individual institutions to monitor financial health and sustainability.

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<sup>1</sup> Incorporated colleges are colleges with a board of management constituted under the Further and Higher Education (Scotland) Act 1992



*Resource Budget*

13. The policy objectives for our college sector funding for AY 2022-23 included:

- To make best use of the funding available to SFC from a challenging budget settlement, in alignment with the SFC's Review of Coherent Provision and Sustainability.
- To continue to provide learning opportunities at a time of ongoing economic and social uncertainty - to sustain a pipeline of educated and skilled people who will be critical to our recovery and to upskill the existing workforce - and to provide opportunities for those most impacted by the global pandemic to move into productive learning.
- A commitment to work-based learning and to protecting and promoting Foundation Apprenticeships (FAs). We will therefore maintain these opportunities within our core funding, working closely with Skills Development Scotland (SDS) and local authorities.
- The college sector has worked effectively to minimise the impact of the COVID-19 pandemic on students' learning, and to deal with loss of learning for existing students as well as school pupils moving on to college. This continues to be a priority area for the sector, SFC and the Scottish Government. Our credit guidance will enable colleges to claim additional learning hours to deal with this vital issue.
- To provide sufficient student support funding to meet demand.

14. In the face of an increasingly challenging fiscal environment, SFC has worked hard to maintain investment in teaching and learning. Despite having a flat cash settlement from Scottish Government for the college sector, through management of our available budget we increased our core teaching funding for colleges for AY 2022-23 by £9.6m (1.9%) from the AY 2021-22 baseline. This ensured that all colleges received an uplift of at least 1.0% from the 2021-22 baseline.

15. We remain committed to supporting work-based learning and within our core funding we also provided support for 3,293 students either embarking on or continuing FAs. This includes support for 2,500 new FA opportunities in AY 2022-23.

16. Inflationary pressures will be significant going forward and, if we were to protect the price we pay for places at college, we will need to consider the balance between this and the number of places we fund.

17. In AY 2022-23 we are also investing £137m in Further Education (FE) student support. This is a demand-led budget and in line with previous years we will conduct an in-year redistribution exercise in late autumn to determine demand and we are committed to meeting any additional demand, working closely with all stakeholders.

18. To support the Scottish Government FY2022-23 in-year savings exercise, SFC has identified a potential £20m of savings. While the underspends come from the Financial Year 22-23 budget, the majority are generated from within the previous Academic Year 21-22 budget. We have, therefore, sought to minimise the impact of required savings on front line allocations for learning and teaching, and support for students, for this academic year.

### *Capital Budgets*

19. Capital funding colleges covers land, buildings and equipment which support Scotland's colleges to secure effective and sustainable spaces for learning, research and innovation.
20. SFC's capital budget for colleges for FY 2022-23 is £72.6m, split as follows:
- Capital maintenance (backlog & lifecycle): £31.2m
  - Fife College (new Dunfermline Learning Campus): £38.5m
  - Digital poverty: £2.9m
21. Given the significance of the college estate to Scotland's built environment, cultural identity, economic and community development, and the creation of economic activity, as well as its importance to delivering a positive student learning experience, in our Review we recommended that the Scottish Government should work with SFC and the sector to develop a national vision and strategy for the college estate. Working with the college sector, SFC has prepared a College Infrastructure Strategy outlining the approach to delivering Scotland's college Infrastructure Investment Plan for the period from 2023 – 2033. It has been developed with reference to Scotland's Learning Estate Strategy (2019), Scottish Government's Infrastructure Investment Plan and other relevant strategies linked to skills and economy such as the National Strategy for Economic Transformation (2022).
22. All colleges receive annual capital maintenance funding from SFC, including funding for backlog maintenance identified in the 2017 College Estates Survey. The Strategy recognises the urgent need for significant investment into the college estate. As part of the strategy implementation, colleges will be required to commission a review of the condition of their estates. In recognition of the current fiscal environment, SFC is committed to investigating potential funding solutions for the proposed capital investments. Ensuring a sustainable college estate is paramount as colleges have a significant role to play in the delivery of Scotland's National Strategy for Economic Transformation (NSET) and Scotland's just transition over the next decade and beyond.
23. The Investment Plan will identify investment need for future college infrastructure across Scotland including investment in net zero and digital.

*AY 2023-24 budget*

24. The Scottish Government Resource Spending Review announced a flat cash settlement for tertiary education for the period of the spending review. It was set at Level 2 which aggregates college and university funding and at this point there is no indication of the split across the sector. Until more guidance is given by SG on future year allocations, we cannot provide specific narrative on AY 2023-24 budgets.

*Conclusion*

25. Colleges are a vital part of Scotland's corporate and social fabric contributing significantly to the Scottish economy. They will play a vital role in delivering the Scottish Government's ambitions set out on the National Strategy for Economic Transformation.

26. The current environment is extremely challenging for the sector as a whole and we will continue to work collectively across the sector and with individual institutions to manage their financial sustainability and ongoing financial health.

## Annexe C



The Scottish Parliament  
Pàrlamaid na h-Alba

Sue Webber MSP  
Convener, Education, Children and  
Young People Committee

**Public Audit Committee**  
Room T3.60  
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EDINBURGH  
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By email only

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29 September 2022

Dear Sue,

### **Scotland's Colleges 2022**

At its meeting on [22 September 2022](#), the Public Audit Committee took evidence on the [Scotland's colleges 2022](#) briefing, published by the Auditor General for Scotland (AGS) on 17 July 2022.

The Committee understands that the Education, Children and Young People Committee (ECYP) is currently conducting an inquiry into colleges regionalisation and is due to take evidence from the Scottish Funding Council, Colleges Scotland and the Scottish Government during October 2022. To help inform your scrutiny, the Committee wishes to set out some of the key issues it heard at its meeting on 22 September.

#### Student outcomes

The briefing highlights the detrimental impact the Covid-19 pandemic has had on learning and student outcomes. Although colleges have adapted and continued to deliver learning, the proportion of students successfully completing their courses has fallen and existing inequalities have been exacerbated during this time. SFC statistics indicate that, in 2020-21, just under one third (31.4%) of students failed to complete their course. For students from the most deprived background, this rate was 35.9% while for students with a disability, the failure to complete rate was 36.2%. For students who have been in care, just over 40 per cent failed to complete their course.

Fewer college leavers went on to a positive destination after leaving college in 2019-20 compared to previous years. The briefing shows that the number of college leavers going into work has fallen 10 percentage points, while the number of leavers going to university has increased by 7%. The Committee is particularly concerned about the percentage of college leavers who were unemployed or unavailable to work in 2019-20, which increased by 3%, to 15.6%.

Surveys carried out by NUS Scotland and the Scottish Government identified student poverty as a possible contributing factor, however, more data and better analysis are needed to determine the reasons behind students not completing their courses. The Committee echoes the AGS recommendation that colleges “look further at that, to better understand the reasons why students have not completed their course or moved on to a positive destination.”

### Financial sustainability

Significant concerns were expressed regarding the financial position of colleges, which is forecast to deteriorate. The briefing states that the receipt of Covid-related funding has benefitted colleges and contributed to a “healthier than expected” financial position. This is, however, expected to change drastically for the current and next academic years, with colleges continuing to become ever more reliant on public funding.

The briefing states that change is required urgently to ensure long-term financial sustainability for the sector. Recommendations made by the Scottish Funding Council (SFC) in 2021 are yet to be implemented and the Scottish Government is due to set out the future role of the college and university sectors in 2023.

The AGS stressed in his briefing and during oral evidence that recommendations from the SFC should be implemented “at the earliest opportunity”, and the Scottish Government and the SFC should support colleges to plan now. The Committee supports the AGS in this regard.

### Capital funding

Concerns were also expressed with regard to capital funding. The briefing notes that insufficient capital funding has led to a maintenance backlog in Scotland’s colleges, affecting the suitability and safety of the buildings. The estate survey commissioned by the SFC across the sector in 2017 showed a backlog maintenance issue of just over £360 million across a five-year period.

Audit Scotland has previously recommended that the SFC and the Scottish Government “agree and publish a medium-term capital investment strategy that sets out sector-wide priorities”, which is expected to be published in Autumn 2022.

We would encourage your Committee to monitor the progress of this work to ensure backlog maintenance and net zero expectations are addressed.

I hope that the information set out in this letter provides a useful reference point for the upcoming evidence sessions and we would welcome your Committee giving consideration to the above issues as part of its inquiry into colleges regionalisation.

Yours sincerely,

**Richard Leonard MSP**  
**Convener**

## Annexe D

# Education, Children and Young People Committee College regionalisation inquiry Informal engagement with senior figures from Developing the Young Workforce (DYW)

Online

Monday 5 September 2022

### **Purpose of the session**

A key aim of the reforms around college regionalisation was to ensure that the college landscape could meet the current education, employment and skills challenges, and to respond rapidly to emerging scenarios.

This session has been arranged to hear directly from those with knowledge and experience of—

- how businesses and colleges work together,
- how colleges meet the current education, employment and skills challenges, and
- how colleges prepare their students for the workplace.

### **Notes from the meeting**

*How well businesses currently work with their local colleges?*

The relationships between businesses and their local colleges and are generally pretty positive. DYW leads have fed back that the working relationships are strong. Some colleges have stronger relationships than others but generally positive.

It was felt that the pandemic won't have helped those relationships, as people couldn't get around the table together, however, things are improving again.

However, we will discuss later how good the outputs are from those positive relationships.

The relationships between DYW regional boards and their local colleges are strong and have been effective. There is usually a regional board member on the local college board.

Examples cited included—

Edinburgh College worked with Barclays to deliver a range of courses / credentials, which was then rolled out to other financial services companies including Sainsbury's Bank and Tesco Bank.

Funded by the Young Person's Guarantee, Edinburgh College worked with NHS Lothian to develop a short course which leads students to health care support worker roles. It is also seeking to attract young men into social care work.

Fife College and BAE Systems, who have worked together to increase the number of applicants that BAE were receiving for apprenticeships.

*Have these relationships improved over the last ten years, i.e. since regionalisation?*

With regard to the DYW perspective, regionalisation has made it easier to engage with colleges, as the board or employers are co-ordinating / collaborating / communicating with one entity rather than four or five.

It also allows colleges to work across a larger area and pull move people / opportunities together.

The Committee heard one example from Ayrshire. Before regionalisation, James Watt College had expanded its campus from its Greenock base to establish a presence in Kilwinning in North Ayrshire. As a result of regionalisation, the Kilwinning campus became part of Ayrshire College and James Watt became part of West College Scotland.

In one instance, when working out the details of a foundation apprenticeship programme, the college was able to work across the whole of Ayrshire, matching up a school in North Ayrshire with an employer in South Ayrshire, meet the needs of both student and employer, to deliver a successful foundation apprenticeship programme.

This wouldn't have been possible without regionalisation, as the campus in Kilwinning would have been linked with James Watt and not had the connection with the business in Troon.

In general, there has been a greater focus on the needs of business. Colleges have sought out their local businesses / engaged with them.

*The difference made by regionalisation?*

When asked what difference regionalisation has made to the delivery of the examples of good working above, such as Edinburgh College / NHS Lothian; Fife /



BAE systems etc. it was suggested that the current system can respond to local business need in a flexible way, however, it was said that the system does need to be more flexible, more dynamic.

Before regionalisation, there was concern about overlap and, possibly, lack of strategic vision across a region or the country.

It was explained that, shortly after regionalisation, Ayrshire College conducted a complete review within two years. As a result, steps were taken to harmonise work and courses, and duplication was reduced, albeit balanced against accessible delivery. It was stressed that with regionalisation, the delivery continues to be local but now colleges have a further reach compared to before.

It was also suggested that regionalisation brought leverage to colleges. For instance, an engineering academy was developed within a single region college, that could develop business links with the whole region, a far wider area than would have been the case pre-regionalisation.

As larger entities, colleges have greater financial and community leverage. For example, Ayrshire College was able to establish physical capacity within a school, at Irvine Royal Academy. The college was able to build its Skills centre at the school within 10 months. It is arguable that this project wouldn't have been possible, at least not in the same timeframe, when the campus was part of James Watt College.

#### *Impact in rural communities*

When asked about the benefits, or otherwise, of regionalisation in rural areas, it was noted that opportunities to partner for rural businesses is trickier.

There were challenges before regionalisation, and challenges remain, however, regionalisation have arguably given colleges more capacity to do something about it, a bit more resource to address it.

Pandemic has also provided challenges but also some opportunities in showing that there are other ways to deliver courses.

#### *Are there particular reforms which could improve things?*

A re-focussing of the purposes of colleges, so that they are more focussed on addressing the needs of the economy would be helpful.

Currently two thirds of college students go on to university. It was suggested that this wasn't the correct balance. In Germany, approximately two thirds go into employment. The whole vocational purpose of colleges is really important. That said, the importance of articulation to university was noted, as was the fact that universities could and should do more to work with colleges on this.

It is worth asking to what extent businesses have a good sense of what their business needs are over the next few years. It is critical that businesses articulate what they are looking for, so that colleges are clear on what is required.

To that end there has been a recently published [Skills action plan for financial & professional services](#), which has identified key skills that will be required over the next three years. Armed with that information, colleges (and universities) have to work out how they are going to respond to a challenge of providing skills and education to meet those (in this case) 50,000 prospective jobs. It is a challenge but a positive one, a great opportunity for colleges to be dynamic and align around those needs.

It was suggested that key sectors should be challenged to have a three-year plan – so that a demand is made. Colleges, and universities, can then work out how to respond / meet that need.

Colleges need to be better at coming together to respond to the scale of challenges which cut across sectors and / areas and not just focussed on their own areas. For example, in financial services, approximately 40% of the Edinburgh economy is connected to financial services, however, not all of the people who could work in those jobs will live in Edinburgh. They could live in Fife, Lanarkshire, Midlothian, West Lothian, East Lothian and the Borders. The challenge of providing the skills required by this industry could be answered by colleges in all of those areas along with Edinburgh.

Green technologies is another example where colleges could work together to address the scale of the need.

Furthermore, industry is now moving so quickly, that there needs to be mechanisms to respond to that need for upskilling and retraining – for example micro-credentials, fast-tracking.

Improving the mechanisms for engagement and dialogue, improving the flexibility to allow colleges to respond to the stated needs of sectors. By tightening up these connections there can smoother delivery for the skills and business needs.

The way that colleges and the DYW network was highlighted as a good place to start, a good platform to improve further, to engage with business more effectively.

When asked whether there is a limit in the talent in colleges or if it a leadership issue, it was said that there isn't a reluctance to engage – it's generally an issue with capacity and funding.

There also seems to be a missing link when it comes to SMEs. it was recognised that many don't have the capacity to develop relationships with local colleges, or

even the capacity to expand / plan for the longer-term so arguably there isn't the same need of it

*Are people leaving colleges ready to enter the workplace?*

It was felt that employers can sometimes have an unrealistic expectation about how ready young people, or anyone, could be for a workplace. Readiness is never going to be 100% so support is always required.

However, MCR Pathways and Career Ready mentoring were both cited as good examples of support for preparing young people / speaking to them about careers. Employers could engage more with DYW to help ensure that young people could be as well prepared as possible.

*More reforms required – what would help?*

The consistency of career advice is lacking. There was uncertainty about what young people think about careers, and what that means, at a young age. However, there is a need for information and advice to children at school, and a question about how we provide that most appropriately. MCR pathways.

It was noted that there wasn't much support for young people as they transitioned from school to college at the start of regionalisation. There is a lot of support at school but in a FE situation, it wasn't the same. Significant progress has been made, but recognition it could always be better.

It was also noted that harmonisation of staff terms / conditions is still ongoing after 10 years. Funding issues can often make the process of harmonisation more difficult but it was suggested that a long-term employee relations strategy may help to improve relations / make them more productive.

*How could colleges be more agile?*

It is a challenging environment but there will be sectors which thrive over the next few years. This will provide opportunities for school leavers, and for those seeking to re-train. Colleges need to be able to address these gaps, to ensure that the needs of potential employees and employers can be met.

Micro-credentials were again highlighted, along with the need for businesses to put money in to support that.

Again, the importance of regional collaboration was highlighted. This can address key areas and help to deliver for national priorities through local delivery, for example with engineering courses.

In terms of the support that is given to workforces when they are being made redundant, or the employer goes out of business, it was said that PACE feels like an old model and is really reactive. It also only kicks in when there is a threshold number of people, so it isn't particularly inclusive.

It would be helpful for young people and people who want to re-train to have information so that they know what the future options are, where are the growth areas, and how / where to access them more proactively. Future opportunities need to be promoted and signposted to those who may be looking to re-train. We need to do more to line up people with emerging opportunities.

It was also highlighted that the current apprenticeship system generally provides opportunities for those aged 25 and under, with a small amount of funding for those who are older. Given that people won't have life-long careers, and that re-training will be important to encourage, it was suggested that the system should change to allow older people to do apprenticeships.

## Annexe E

The logo for SPICe is a purple rounded rectangle with a gradient. The text 'SPICe' is in white, bold, sans-serif font.

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## Education, Children and Young People Committee

**Wednesday 5<sup>th</sup> October 2022 (Session 6)**

## Colleges Scotland and the Scottish Funding Council

### Introduction

The Committee will continue taking evidence as part of its inquiry into college regionalisation ten years on. The Scottish Funding Council and Colleges Scotland will give evidence reflecting on the impact of regionalisation and both the opportunities and challenges that lie ahead. It will also give members an opportunity to explore what might be the next steps for the college sector, particularly in light of the planned reforms following the publication of the [Scottish Funding Council's 2021 review of the provision and sustainability of tertiary education and research](#).

### Funding Model

Following the regionalisation of colleges, the Scottish Funding Council developed a demographic funding model, with the aim of providing sufficient college places to meet the needs of each region, while still meeting the Government's overall full time equivalent target. The demographic model uses a range of publicly available data sources to inform a "needs-led approach" to identify people likely to want and benefit from a college education.

The SFC provide formula-based grants that are based on historical funding patterns. In learning and teaching their main funding model has three core elements: student numbers; subject prices; and premiums that are reviewed on an annual basis. In 2015 the SFC moved to a [credit based funding system](#) which was introduced so that colleges would be paid for the activity they deliver and to attempt to create a clearer relationship between credit targets and learning hours.

The [One Tertiary System: Agile, Collaborative, Inclusive report](#), was published in February 2020. More often called the Cumberford-Little report, it recommended a rebalancing of college and university funding and making supporting business growth a top priority for the sector.

Report recommendations which every Scottish College signed up to included calls for—

- Ministers to endorse a narrative for the college sector, noting the emphasis on lifelong learning and business engagement.
- Ministers and SFC to address the “current imbalance” between strategic and core funding for colleges and universities.
- The funding model for colleges to be reformed to incentivise colleges’ speed of response to employer demand.
- Ministers to make supporting business growth a top priority for colleges, asking the Scottish Government, SFC and the enterprise agencies to work with the college sector on a ‘Team Scotland’ basis on college/employer engagement. Joint teams could improve regional planning.

Each year colleges are set a target of student numbers by the Scottish Government; this is currently 116,000 full time equivalent places. Every year since 2011 this target has been met. This target measures the number of students places enrolling and not the number of students completing their course each year.

Funding per full time equivalent student in 2022/23 was £5,054 at college, compared to £7,558 per place at university. The [Improvement Service Benchmarking framework](#) shows the average gross spend per pupil in Scotland in 2020/21. For pre-school education it was £9,273 per child, primary school education on average was £5,916 per place and funding for secondary pupils was £7,657.

## Staffing

Prior to regionalisation there was not national pay harmonisation, however a [survey published by Scotland’s Colleges \(March 2011\)](#) indicates that the top of the lecturer pay scale across colleges ranged from £32,607 p.a. to £36,839 p.a. with a median for the sector of £33,999 p.a. In [September 2021 the national pay scale](#) for a lecturer ranged from £35,170 p.a. to £43,357 p.a.

In her evidence to the [committee on 1 June](#) Audrey Cumberford discussed staff pay since regionalisation and said—

“Pay went up by 12 per cent on average across the sector. It is a huge achievement to be able to say that staff in colleges across Scotland have received an average pay increase of 12 per cent. There was also no detriment to terms and conditions within the regions.”

The most recent report from [Audit Scotland in 2019](#) on universities shows that staff costs make up 55% of the total expenditure of universities in Scotland. While Audit Scotland's briefing [Scotland's Colleges 2022](#), published in July 2022, highlighted that around 70 per cent of colleges overall budget is spent on staffing.

In his evidence to the committee on 21<sup>st</sup> September 2022 Derek Smeall stated—

“The Auditor General has talked about the proportion of funding for staffing, which has increased year after year; the report states that, on average, 70 per cent of colleges' income goes on it. To clarify, I point out that that is 70 per cent of total income, although I think that I am correct in saying that for most colleges—certainly for my college—the figure is actually 80 per cent of accessible income or revenue. After all, not all of the 70 per cent that has been cited is accessible: for example, we are simply custodians of some of the student support and childcare funding.”

## Completion Rates

### *College Leavers*

In 2019-20, 84.4% of full-time college leavers went on to positive destinations on completion of their course (down 3.4 percentage points from 2018-19). For Further Education students, 74.5 per cent moved into a positive destination, compared to 90.3% of college leavers who were undertaking Higher Education courses.

Fewer college leavers went into work but more went to university, with 15.6% of all college leavers unemployed or unavailable for work, up 3% from 2018-19 when 87.8% of leavers found a positive destination<sup>2</sup>.

### *Non-completion rates*

In 2020-21 at Scottish colleges, 27.7% of further education students withdrew from the course before achieving their intended qualification.

There are two categories of withdrawal that the SFC records, early withdrawal and further withdrawal. These two categories are broken down individually below, however destinations of college students who do not complete are not recorded. Early withdrawal: indicates that the student has withdrawn from the programme before 25 per cent of the course has elapsed. SFC does not provide activity funding for students who leave before the 25 per cent date (also known as the funding qualifying date). These students may have left to take up a place at another college or higher education institution, to start a job or perhaps because they found they were unable to continue their studies for financial reasons or because they found the course unsuitable.

Further withdrawal: indicates that the student attended after the funding qualifying date but withdrew from their studies before the programme ended. SFC pays the

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<sup>2</sup> Scottish Funding Council (2021). College Leaver Destinations 2019-20. Retrieved from: <https://www.sfc.ac.uk/publications-statistics/statistical-publications/2021/SFCST072021.aspx>

same price for students in this category as they do for a student who completes their programme.

**Table 1: College Performance Indicators 2020-21: Student Outcome by mode and level of study grouping**

Level	Mode	Further withdrawal %	Further withdrawal No.	Early withdrawal %	Early withdrawal No.	Total Enrolments
FE	Full-Time	20.3%	8,509	7.5%	3,150	42,019
FE	Part-Time	7.3%	6,424	2.9%	2,532	87,877
HE	Full-Time	13.8%	4,408	3.9%	1,254	31,928
HE	Part-Time	5.6%	655	3.5%	413	11,797

Source: SFC/ FES

On [Thursday 22 September 2022 the Auditor General gave evidence to the Scottish Parliament's Public Audit committee](#) following publication of Audit Scotland's briefing [Scotland's Colleges 2022](#). The session explored a range of topics including the financial sustainability of the college sector, the role of arms length foundations and college completion rates. During that evidence session they stated—

“The challenge with gathering specific data about students who are not successfully completing their courses, and understanding the reasons for their failure to complete, is that where students go after they withdraw is not tracked. Therefore, there is not a lot of evidence on which to base our understanding of their reasons for leaving.”

The Auditor General also said—

“Clearly, however, when it comes to public investment and the outcomes for individual students, we can assume that not all of that 15 per cent embarked on a college course with the expectation that they would be unemployed after it, given that we have talked about the vital role of colleges in supporting students in their acquisition of new skills, employability, aspiration or further learning. The number who have embarked on a college course and not completed it feels too high. To go back to our earlier discussion, the colleges need to get better data behind why that is happening. You rightly talked about public investment, but it is also about supporting the individual experience and subsequent life chances of people who have embarked on a college course.”

## Articulation

Articulation is the progression of learners from a Higher National (HN) qualification at college level into second or third year of university in certain subjects where agreements are in place between colleges and universities. Full credit articulation with a Higher National Certificate (HNC) sees learners move into second year university, while a Higher National Diploma (HND) enables progression straight into third year.

It is important to state that college HNCs and HNDs are respected qualifications in



their own right. But, for many learners, they are also important building blocks opening up opportunities for further study.

Articulation has a clear role to play in widening access to university for learners from the least well-off backgrounds. In 2017-18, [over 4,000 students articulated with full credit](#) and 26% of all entrants studying their first university degree arrived at university via completion of an HNC or HND.

In his [most recent report](#), the Commissioner for Fair Access noted—

“Smooth articulation between (Higher Nationals) HNs and degree is crucial to achieving fair access because over 40 percent of SIMD20 entrants to university come via the college route. It is also key to building a comprehensive integrated and multi-pathway tertiary education system. Yet progress towards meeting the SFC’s target that 75 percent of HN qualifiers entering degree programmes should receive advanced standing has been disappointing. A step-change is needed.”

The Commissioner recommended—

“The Scottish Funding Council should take more decisive action to enforce its 75-per-cent target for HN students moving to degree courses to receive advanced standing, and to set student number targets for the recruitment of HN (and other articulating) students, in its negotiation of outcome agreements with universities.”

Scottish Credit and Qualifications Framework (SCQF) level 7 is the starting point of the higher education levels. Students completing a HNC are studying at SCQF level 7, while a HND is SCQF level 8.

Individual universities and colleges set entry requirements for their courses, and they determine how relevant learning is compared to their requirements. In practice this means there are varying qualifications that are accepted by universities. For example, a student studying a HND at one college may be allowed to articulate into third year of a university course, while a student studying a HND in another college would be unable to articulate and have to enter first year of university.

In her [evidence to the committee on Wednesday 21 September 2022](#), the Principal of Ayrshire College, Angela Cox, highlighted funding for students articulating—

“Where there is duplication of higher-level technical skills, such as HNDs and HNCs, there is not the same parity when it comes to funding- universities are paid at a much higher level than colleges are.”

Funding is provided per student and does not consider if the student is on an articulation route, or the SCQF level of teaching being delivered. Therefore, a student could be completing a SCQF level 7 course in their first year of university or in their final year of college. Colleges receive £2,504 less funding per full time equivalent student place at university. As mentioned previously in this paper funding per full time equivalent student in 2022/23 was £5,054 at college, compared to

£7,558 per place at university.

## ONS Reclassification

The Office for National Statistics (ONS) is the body responsible for classifying all institutional sectors and their financial transactions into the relevant section of the UK National Accounts so as to report on expenditure, revenues, borrowing and debt in each category.

Reclassification has had significant implications for colleges in Scotland. Fundamental changes to the budgeting, reporting and accounting practices have been needed to align colleges with the accounting practices that apply to non-departmental government departments. For example—

- Resource and capital expenditure is now accounted for through Scottish Government spending. As there is an annual ceiling placed on each area of government expenditure, colleges have to control their expenditure, so it does not exceed pre-set limits.
- Even if expenditure is financed from incorporated colleges' own reserves or borrowing, it is still included as part of overall government expenditure. Any expenditure has to have an equivalent amount allocated from the Scottish Government budget ("budget cover") - even though the Scottish Government would not have to pay for or fund the expenditure.
- However, where expenditure is financed from colleges' other /commercial income, budget cover is not required.
- From 1 April 2014, colleges can no longer carry forward surplus funds to future years. All reserves at the end of the year would need to be transferred to an arms-length foundation separate from the college.

Members may wish to note that these arms-length foundations (ALFs) are charitable organisations, and their independent nature means that they are only accountable to the Office of the Scottish Charity Regulator (OSCR) and Companies House, where the legal form of the ALF is a company limited by guarantee. Colleges are required to submit funding applications to ALFs in order to access funds, however, there is no guarantee that these applications will be successful.

In England, colleges are considered as part of the Non-Profit Institutions Serving Households (NPISH) sector since 1 April 2012. As a result, the UK Government no longer has certain powers in relation to colleges, including—

- The Secretary of State's right to modify, revoke or replace the instruments and articles of further education corporations in England, with these powers now held by colleges.
- The right of the Secretary of State to dissolve a further education college.

- The power of the Chief Executive of the Skills Funding Agency to appoint up to two additional members of the governing body of a further education college corporation.

In response to the ONS reclassification decision in England, the Scottish Government did not pursue any changes to legislation to the classification of colleges in Scotland. Rather, the view was that the current level of government control over colleges was at an appropriate level—

“Scottish Ministers are clear that those controls, as enhanced by the [Post-16 Education (Scotland) 2013 Act], are the right solution for Scotland and are appropriate given the very significant public investment in colleges.”

The [ONS is currently reviewing whether to reclassify colleges in England](#) as public sector bodies and recommendations are expected to be made between October and December this year. The number of colleges in England in formal intervention over their finances, is currently more than 30 and recent press articles have cited concerns both around colleges finances and governance as the reason for the review.

## College Estate

Colleges are significantly constrained in their ability to borrow or carry cash reserves for new investment in their estates. The COVID-19 pandemic has also resulted in delays and reductions in estates programmes. In contrast, universities spend an estimated 12% to 16% of their income on maintenance and Capital expenditure, making the estate the second-highest area of expenditure after staffing costs, financed largely through cross-subsidisation, and borrowing.

Audit Scotland’s report of [Scotland’s Colleges 2022](#) highlights that capital funding from the Scottish Government/SFC has consistently fallen short of the level needed for both regular lifecycle maintenance of the college estate and to address the level of backlog maintenance identified in a SFC condition survey in 2017. In 2017 £363m of investment in backlog maintenance was required over 5 years to 2022-23 and £110m in lifecycle maintenance. Since 2018-19, college capital funding has fallen £321m short of the amount required for lifecycle and backlog maintenance. Though this figure is likely to have increased since 2017.

In their report Audit Scotland said—

“Maintenance needs have grown over time and pose a risk to colleges’ ability to maintain the suitability and safety of their buildings.”

In [Scotland’s Colleges 2019](#) Audit Scotland recommended the Scottish Government and the SFC—

“Agree and publish a medium-term capital investment strategy that sets out sector-wide priorities”.

The Scottish Government did not announce any additional capital funding in its multi-year spending review in May 2022. However, the SFC's college sector infrastructure strategy is due to be published in Autumn 2022.

In their written evidence to the committee, the Scottish Funding Council said—

“All colleges receive annual capital maintenance funding from SFC, including funding for backlog maintenance identified in the 2017 College Estates Survey. The Strategy recognises the urgent need for significant investment into the college estate. As part of the strategy implementation, colleges will be required to commission a review of the condition of their estates. In recognition of the current fiscal environment, SFC is committed to investigating potential funding solutions for the proposed capital investments. Ensuring a sustainable college estate is paramount as colleges have a significant role to play in the delivery of Scotland's National Strategy for Economic Transformation (NSET) and Scotland's just transition over the next decade and beyond.”

## Pre-budget Scrutiny

### *Scottish Budget 2022-23*

The budget allocations for colleges are explored in the sections below. Priorities identified for further and areas in the Budget 2022-23 document are:

- £5m investment for digital equipment for colleges, universities and community learning providers to address the 'digital divide' and help students access laptops and other equipment.
- Support the Scottish Funding Council (SFC), college and university sectors to deliver the agreed recommendations of the SFC's Review of Coherent Provision and Sustainability.

**Table 2** shows the net college capital and resource budget over the last three years. **Table 3** shows the 2022-23 budget in real terms 2021-22 prices.

**Table 2: Net college capital and resource budget - Cash terms (£m)**

	2020-21	2021-22	2022-23	Change 2021-22 to 2022-23	% Change 2021-22 to 2022-23
Net College Resource Budget	640	675.7	675.7	0.0	0.0%
Net College Capital	35.7	33.7	74.7	41.0	121.7%

**Table 3: Net college capital and resource budget – Real terms 2021-22 prices (£m)**

	2021-22	2022-23	Change 2021-22 to 2022-23	% Change 2021- 22 to 2022-23
Net College Resource Budget	675.7	657.9	-17.8	-2.6%
Net College Capital Budget	33.7	72.7	39.0	115.7%

[Source: SPICe Real Terms calculator](#)

Last year's budget saw colleges receive a flat cash revenue settlement (see **Table 2**, representing a real-terms fall of 2.6% (see **Table 3**). The capital budget increased by £41m. This capital increase reflects additional funding allocated in the [February 2021 Capital Spending Review](#); the [Infrastructure Investment Plan](#) published at the same time outlines this will be spent on the new build Dunfermline Learning Campus. The [Scottish Government's Level 4 budget data](#) also states some of the capital increase is for addressing student digital poverty. Overall funding of £5 million is available to be split between colleges, universities and community learning development.

### ***Resource Spending Review 2022-27***

May 2022 saw the publication of the [first multi-year resource spending review in Scotland since 2011](#). It followed a [Scottish Government consultation on spending priorities launched in December last year](#). At the time of the consultation launch, the Cabinet Secretary said the Resource Spending Review (RSR) would “outline resource spending plans to the end of this Parliament in 2026-27” and would “give our public bodies and delivery partners greater financial certainty to help them rebuild from the pandemic and refocus their resources on our long-term priorities.” However, it is important to bear in mind that, as ever, with Spending Reviews, the situation is subject to change. At the time of the review, the Cabinet Secretary said—

“today's Resource Spending Review is not a Budget. Change to the fiscal position is inevitable over the next few years, one hopes for the better. Tax decisions will be taken in future budgets.”

The Resource Spending Review also set out the Scottish Government's four ‘core priorities’. These are—

- reform to improve outcomes for children currently living in poverty;
- reform to help achieve the just transition to a net zero and climate resilient society where we play our part in tackling the global climate crisis;

- reform in the way we experience our public services as we recover from the COVID-19 pandemic; and
- transformation of our economy to enable growth, opportunity and a sustainable outlook for our future.

The table below shows the resource spending review expenditure plans for further and higher education.

**Table 4: Resource Spending Review, Further and Higher Education spending plans**

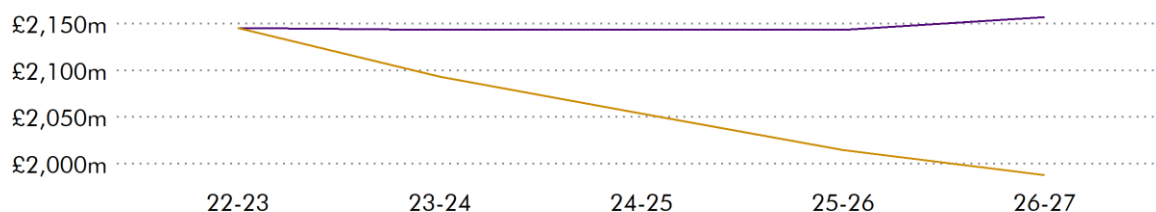
Level 2	2022-23 (£m)	2023-24 (£m)	2024-25 (£m)	2025-26 (£m)	2026-27 (£m)
Higher education and student support	349	349	349	349	349
Scottish Funding Council	1,502	1,501	1,501	1,501	1,501
Advanced Learning and Science	23	23	23	23	37
Skills and Training	271	270	270	270	270
<b>Total</b>	<b>2,145</b>	<b>2,143</b>	<b>2,143</b>	<b>2,143</b>	<b>2,157</b>

Graph 1 shows a comparison of level 2 and 3 spending plans across the tertiary education sector compared with the spending values in real terms.

**Graph 1: Further and Higher Education spending plans with real terms comparison**

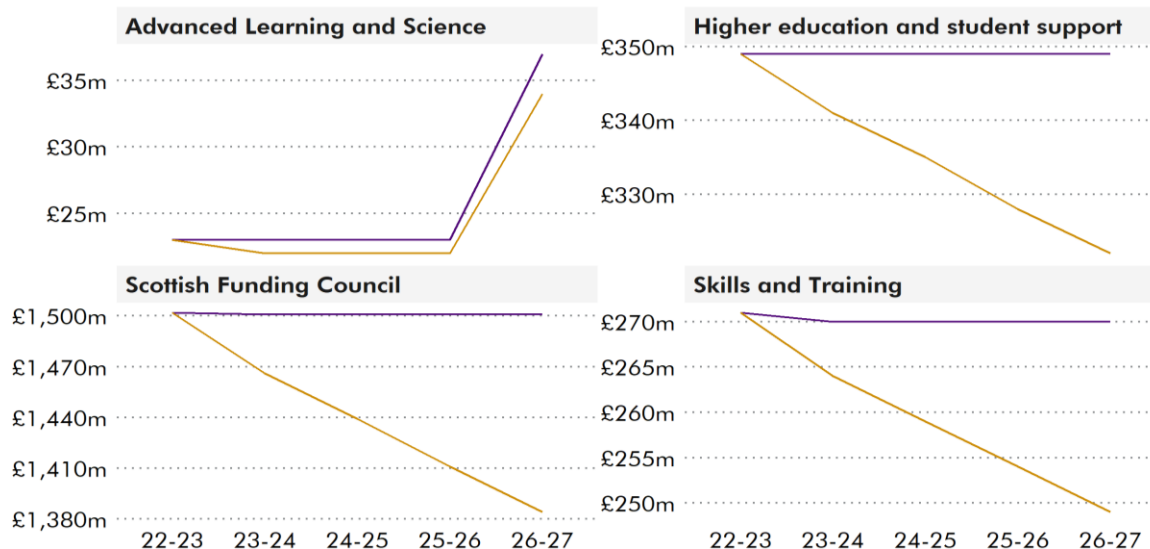
**Total Further and Higher Education level 2 spending plans**

Real terms values in 2022-23 prices



## Further and Higher Education level 3 spending plans

Real terms values in 2022-23 prices



Source: SPICE and [Scottish Government Spending Review 2022-27](#)

In their submission to the Resource Spending Review [Colleges Scotland](#) asked the Scottish Government to—

- Commit to additional revenue funding for 2022/23 of £124.8m and capital investments of £92.0m.
- Consolidate the substantial one-off funding streams enacted during the pandemic into core funding for colleges – including securing Foundation Apprenticeships, digital inclusion, mental health, Young Persons Guarantee, and the National Transition Training Fund.
- Increase investment for the college sector in relation to the Flexible Workforce Development Fund.
- Commit to an increase in the ongoing core teaching grant of an amount equivalent to the Retail Price Index (RPI) each year, across the whole period of the Spending Review.
- Invest to establish a Future Technology Partnership and programmes of work to help close Scotland’s digital workforce gap and appropriate upskilling of college staff.
- Provide a Transformation Investment Fund to allow colleges to make the transitions required, including to provide continued and adequate support for delivery of the Fair Work and National Bargaining agendas.
- Ensure colleges gain access to the Green Jobs Fund and Just Transition Fund, both set out in the Programme for Government published in September



2021, so the full contribution of the college sector can be used to help address the challenges faced by Scotland.

In their written submission to the Committee, the SFC said—

“At this point, the sector is forecasting an underlying operating deficit of £8.2m for AY 2021-22 which is projected to decline further in 2022-23. Cash and equivalent reserves are also forecast to reduce significantly by July 2023. Colleges have indicated that non-staff cost efficiencies have been exhausted and in order to reduce the cost base and maintain a sustainable trajectory, there will be a need to restructure their staffing.”

### ***Mental health funding***

In 2019 the Scottish Government [announced a £20million investment in mental health counsellors](#) in colleges and universities. This funding was provided over four years and created more than 80 counsellor roles across the tertiary education sector. The current funding provision runs out this academic year 2022/23.

## **Post School Education**

In their review [Coherence and Sustainability: A Review of Tertiary Education and Research](#) the Scottish Funding Council recommended that the Scottish Government should set out more clearly its overall strategic intent for tertiary education and research.

In response [the Scottish Government is now consulting](#) on the purpose and principles for the post school education, research and skills development ecosystem. The draft statement of intent on the purpose and principles is due to be published in Winter 2022/23, with the final long-term Purpose and Principles to be set by May 2023.

The SFC Review also recommended the creation of a new national impact framework which is due to be complete by August 2023. The SFC's aim of this framework is to make a more explicit connection with Scotland's National Performance Framework, to enable institutions to demonstrate their impact in the round and over the longer term, across a broad range of outcomes, as well as demonstrating accountability for public expenditure, in terms that are relevant to their particular situation.

## **Community Learning**

Colleges provide many opportunities for learners to complete part-time and non-recognised qualifications. The SFC's college statistics shows their role in this delivery<sup>3</sup>.

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<sup>3</sup> Scottish Funding Council (2022), College Statistics 2020-21. Retrieved from: <https://www.sfc.ac.uk/publications-statistics/statistical-publications/2022/SFCST012022.aspx>



At FE level, part-time FTEs have increased 3.4% since 2020-21. The increase in part-time FTEs was driven by increased delivery to SQA National Progression Awards and free-standing National Units.

At HE level part-time FTEs increased 9.4% in 2020-21 compared with the previous year. This is primarily due to an increase in provision of HNC/D courses.

In Scotland's colleges in 2020-21, there were a total of 277,620 enrolments. 81,075 (29.2%) were to courses leading to 'non-recognised' qualifications. Whilst non-recognised qualifications account for a third of all college enrolments, they account for just 5.9% of hours of learning delivered by the college sector that year (measured in Full-time Equivalent places). This indicates that these courses are typically short, part-time in nature, and they average less than 38 hours in duration. Many are shorter still, less than 10 hours in duration in many cases.

Non-recognised courses are also an important part of the learner journey for many students. Non-vocational leisure courses which are often self-funded and typically delivered as weekend or evening courses; or introductory and pre-access courses that do not lead to qualifications recognised by assessors.

One group of students who particularly benefit from non-recognised courses are students with Additional Support Needs (ASN). This can include those with disabilities or health concerns, those with difficult family circumstances, e.g. children in care; those who are enrolled on English for Speakers of Other Languages (ESOL) modules.

There is a sizeable widening participation element in this cohort - almost half of activity is delivered to those from the 20% most deprived areas. Around 6% of these students are Care Experienced, and a third are aged 25 or over. Over half of activity was delivered to those with a declared disability, with many of that cohort declaring multiple disabilities.

## Regional Strategic Boards

The [SFC recently reviewed the three multi-college Regional Strategic Bodies \(RSB\)](#) and in October 2020 recommended that the Lanarkshire Board be dissolved, Glasgow consider other organisational options, and the University of the Highlands and Islands (UHI) consider consolidation and possible mergers. In October 2021, the Scottish Government endorsed these recommendations.

The Scottish Funding Council provided £754,000 in 2019/20 for the operating costs of the three regional strategic boards.

Commenting on the success of regionalisation to the public audit committee the Auditor General said—

“Some of that progress is stalling in areas where there have been regional boards. In particular, Glasgow is still grappling with an alternative model, and that is not helpful in the current context. We are looking to see clarity about successor arrangements, in relation to effective governance, clarity of

outcomes, impact and that connection to the national performance framework.”

In his evidence to the committee on 21 September Mr Smeall said—

“It is no secret that there are mixed views in the region. I can say that the views of all three colleges are absolutely in line, but they do not always agree with the GCRB perspective. The Glasgow colleges group is run solely by the Glasgow colleges. It is led by the three Glasgow principals, and we have a structure that is high-level operational but also strategic in delivering policy and strategy in the region. The GCRB is very much a governing body and clearly has specific responsibilities, but one of the issues is that its governance is highly transactional, and the opinion of the three principals is that it massively duplicates the strategic operations of the colleges. For example, the three principals, who are the chief executives of the three individual colleges, also work diligently as part of the Glasgow colleges group. However, none of us is a member of the GCRB. That is a very strange model, which makes the connection between the GCRB and directing the movement of the colleges within the region very challenging- hence my reference to the fact that the governance is very transactional and that there is a lot of duplication. In the opinion of the principals, the powerhouse or driving force behind the actual progress that is delivered is the Glasgow colleges group. Therefore, there is a very distinct difference”

**Nicole Beattie, Senior Researcher Further and Higher Education, Children’s Services, SPICe Research**

**30 September 2022**

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