

Thursday 23 April 2015

Colleges Scotland comment on Arm's Length Foundations

Shona Struthers, Chief Executive, Colleges Scotland said:

The creation of arm's length foundations was to ensure that the money already generated by colleges, including some non-public money generated by commercial activities, could continue to be used to benefit colleges, staff and learners.

The arm's length foundations were established at a time when the colleges were no longer able to hold cash reserves as a result of being reclassified as public bodies. They were set up in agreement with the Scottish Government and the Scottish Funding Council to ensure the money was not lost but was spent on supporting colleges in Scotland.

If colleges had continued to spend the reserves then this would have resulted in the Scottish Government reducing its funding to colleges by this amount.

This is because this would count towards the Scottish Government budget limit, and could be ultimately deducted from the Scottish block grant, adversely affecting public sector spending in Scotland.

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