

Colleges Scotland's Submission to the European Structural and Investment Funds Inquiry

1. 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 28% of the provision of all higher education in Scotland.

We welcome the opportunity to respond to the Economy, Jobs and Fair Work Committee's inquiry into European Structural and Investment Funds (ESIFs).

2. Background

College Sector Contribution to the Scottish Economy

Colleges play a crucial role in developing Scotland's growth potential through enhanced human capital – whether that be from providing routes from schools via colleges to work, further training or university; continuous skills development (often in conjunction with employers); or re-training people for new opportunities.

By developing a more productive workforce and boosting participation, colleges help deliver long-term sustainable and inclusive economic growth. Colleges work within their regions to deliver high quality learning that meets students' demands, employers' requirements and society's needs.

Scotland's colleges are significant economic institutions in their own right. An [independent report](#)¹ highlights that colleges will generate additional value worth £20 billion for the Scottish economy in the long term. This represents an additional £55,000 boost to productivity in the Scottish economy per graduate over their working lives.

Colleges have continued to adapt to meet the changing needs of the industries around them. Working closely with businesses, communities and local agencies, colleges are at the centre of economic development and regeneration in Scotland. They play a critical and valuable role, in delivering the skills, competencies and learning that fuel the economy and that enables learners to train, retrain and contribute to the success of the nation. Just over 40% of all learners at Scotland's colleges are over the age of 25.

There are over 235,000 students studying in Scottish colleges. Over 38,000 students are studying in college as part of their occupation, over 66,800 students are enrolled in STEM subjects and over 10,000 students are enrolled on a Modern Apprenticeship Programme. Colleges are helping to support learners from Scotland's most deprived areas access education and training – 27.7% of full-time higher education students and 33.6% for full-time further education students respectively, come from the 20% most deprived postcodes.

¹ Fraser of Allander Institute, *The value of college graduates to the Scottish economy*, 2017.

In order to support economic development at both a regional and local level, the college sector currently receives a significant amount of direct funding from ESIF to support skills and training programmes and indirect funding to support the development of capital infrastructure.

Broad Implications of Brexit for the College Sector

Colleges in Scotland have a history of attracting staff and students from around the world and leading on key overseas projects, and we want to maintain this work and relationships with our European partners at all levels. It is important to ensure that opportunities and funds are available to continue to allow the college sector to work internationally, including attracting students and staff. The impact of Brexit is already being felt with anecdotal evidence suggesting that invitations to participate in multi-country European projects are drying up.

Since the UK has been part of the EU for over forty years, the relationships and impacts are both deep and extensive, therefore considerable work will be required to ensure the unpicking of these relationships is done in the most efficient and sensitive way. It is also important that any potential financial impacts on the college sector as a result of Brexit such as the loss of significant European funding are carefully considered and mitigated to ensure the college sector is not adversely affected and can continue to provide high quality and effective learning.

3. Current College Sector European Funding Arrangements

European Funding Programmes – Employability

The various funding streams received by colleges in Scotland are used primarily to provide employability training for those Scottish domiciled people who are further from the workforce. That is, providing vital training to allow individuals to move themselves into a position to enter the workforce and contribute positively to society. There are two main college projects which are significantly funded by the EU. These are:

- Developing Scotland’s Workforce (DSW)
- Youth Employment Initiative (YEI) which is due to end in 2018.

The table below sets out the EU funding received directly by the college sector in relation to programmes under the European Social Fund (ESF):

£m	2016/17	2017/18	2018/19 <i>(estimate)</i>	Total
DSW	4.3	4.3	13.3	21.9
DSW – Highlands & Islands	2.8	5.5	7.0	15.3
YEI	13.9	14.9	0	28.8
Total	21.0	24.7	20.3	66.0

** Please note, the figures for 2018/19 are Scottish Funding Council calculations and based on a number of assumptions including Scottish Funding Council match funding staying at the same level. The DSW funds are subject to a mid-programme review as required by the EU; this may also have an impact on that final figure for 2018/19.*

It is important to recognise that this funding translates into the provision of additional student places for Scottish learners of around 63,000 credits (4,200 full-time equivalent (FTE) students). YEI is significant for Glasgow (around £4.1m) and Lanarkshire (around £3.0m). These funds support the provision of vital training to allow individuals to move on from their current circumstances, and to be in a position to enter the workforce and contribute positively to society, and the loss of this funding will significantly impact on the availability of opportunities in the college sector.

In addition, a recent survey by Colleges Scotland found that approximately £1.5m of direct EU funding is received by colleges through a number of other programmes. These other programmes include European Regional Development Fund (ERDF), Erasmus and Creative Europe.

European Funding Programmes – Capital

The various capital funding programme arrangements administered by the EU have, over a considerable period of time, provided vital resource in the development of significant capital projects throughout Scotland. It is important not to under estimate what the impact of the loss of EU capital funding would be.

The Scottish Government, through the capital funding programme arrangements administered by Scottish Funding Council (SFC) over the last 10 years or so, has invested approximately £500m in the college sector towards a total of about £1bn (i.e. the investment is about half of all investment). Typically, such funding for a college capital project would be about 20-25%, but considerably higher in the more deprived areas like Lanarkshire and Glasgow. A conservative estimate would be that approximately £200-250m of European funding has been provided towards historic capital projects. In the Highlands & Islands, almost every capital project across the region over the last four decades has received European funding.

Indirect European Funding

Colleges can also be contracted by, for example, local authorities to provide employability training, which is funded from European funding. Colleges can therefore receive funding indirectly from the EU. Whilst a complete dataset is often difficult to ascertain, this is not an insignificant amount.

4. Post-Brexit Considerations

Following the UK's exit from the EU, Colleges Scotland would welcome that any future replacement of ESIFs used in an effort to improve employment, infrastructure and productivity in Scotland's regions, take into account the lessons learned from the ongoing evaluation of the current EU funding programmes.

In order to address the anticipated skills shortages due to the loss of skilled EU migrant labour, we would be keen to see a fund of equivalent value to the European Social Fund (including the UK match funding) which would be managed by the devolved nations to be able to respond to local and regional needs.

There would need to be clear priorities from the outset (taking into account the priorities of both the Scottish Government and Enterprise and Skills Strategic Board) on which the fund would be used for and the administration process should be more-risk based and proportionate and ensure it is underpinned by a commitment to lifelong learning. We would also be keen to continue with the longer-term timescales (currently six years) which assists colleges with planning. The college sector would welcome the opportunity to be part of the governance process.

Furthermore, the college sector has recently experienced a number of process challenges with regard to retrospective rule changes in relation to the direct EU funding that it receives through the SFC. This applies to both DSW and YEI funding. This has resulted in all claims submissions from SFC to the managing authority (Scottish Government) from 2015/16 onwards being rejected. Following Brexit, should any fund or programme be established by the Scottish Government, we would request that the processes and requirements for claims submissions must be defined from the outset with the involvement, agreement and clear understanding for all stakeholder involved.

5. Summary

Colleges have a significant positive effect on learners, communities and the economy, and this is enhanced by inward investment through ESIF. It is vital that any future replacement funding supports colleges in their achievement of providing the skilled workforce required by industry and in widening access to all, both of which contribute to a growing economy in Scotland.

Colleges Scotland
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