

Colleges Scotland Briefing: Stage 1 Debate: Budget (Scotland) Bill 2017-18

Introduction

Ahead of the debate on Thursday 2 February 2017 on the Stage 1 Debate: Budget (Scotland) Bill 2017-18, Colleges Scotland wishes to provide you with key points pertinent to the college sector.

Sustainable Funding

Colleges Scotland welcomed the increased investment for the sector in the Scottish Draft Budget 2017/18, announced on Thursday 15 December 2016. We see this as a well-deserved vote of confidence in the college sector and a recognition of the valuable work delivered by colleges.

It is crucial that funding to the sector is protected to ensure that colleges can continue to deliver high quality courses that support economic growth and productivity in Scotland, as well as protecting the student experience. Colleges Scotland is committed to working with the Scottish Government, and other stakeholders, to ensure that colleges, as public bodies, are as financially stable and sustainable as possible.

Additionally, investment in the college sector also helps the Scottish Government deliver on its policies of raising attainment, Developing the Young Workforce, reaching out to learners from the most deprived backgrounds and increasing equality.

According to Audit Scotland, the college sector has experienced cuts of 27% (revenue and capital) in real terms since 2010/11. If sustainable investment in the college sector is not delivered, then colleges will not be in a position to maintain the current activity levels, without impacting on the quality of the learning experience

The [Scotland's Colleges 2016](#) Audit Scotland report is clear that the college sector is showing signs that it is facing significant financial pressures, with 11 colleges out of 20 forecasting deficits for 2016/17. College budgets have very little room for flexibility now and sustainability is becoming increasingly difficult for the sector.

Colleges Scotland is not just highlighting where the college sector is at currently, but we are working hard to map out a more efficient learner journey, across the education landscape. Published in a ['Think Piece'](#) in November 2016, we have identified specific areas where savings could be made to the public purse while still delivering benefits for learners. The new learning framework would benefit post-16 learners by providing a personalised learner journey towards their preferred career choice and work, regardless of whether that journey is linear or non-linear. It will offer seamless routes with clear smooth transitions between institutions i.e. schools, colleges, universities and employers. By protecting funding now, there can be productivity gains in the longer term.

Commercial Activity

As public bodies, colleges are in a relatively unique situation where the public funding received does not cover the costs of the activity generated. All colleges need to generate differing levels of additional income to allow delivery of teaching and learning, with, on average across Scotland, colleges required to generate approximately 30% of income from sources other than public money allocated through the Scottish Funding Council (SFC), simply to allow provision of day-to-day college activity.

Colleges continue to work at cultivating innovative business opportunities both at home and internationally. Colleges, under ONS reclassification, are no longer able to hold reserves or borrow

money, which has significantly restricted the ability of colleges to make strategic decisions around using resources up-front to develop an area of benefit to the college and its students. These areas of benefit could include additional curriculum areas in response to a particular skills need identified or commercial ventures that will bring additional income into the college sector, but which require resource up-front to develop. Colleges Scotland would wish to see the provision of a strategic funding stream that colleges can gain access to, on a case-by-case basis, in order to have availability to 'pump-prime' funding.

Capital Funding

The condition of the college estate is variable, and whilst there has been significant capital investment in the college sector over the last few years, some college campuses are in a very poor state of repair and require urgent attention. In this regard, there would be significant benefit to students for increased capital investment.

Colleges are more or less entirely reliant on public funds for their capital investment needs. Colleges Scotland is working with the SFC to set out a capital investment plan, which must include capital, ICT, digital and low carbon projects.

Capital Maintenance

Alongside capital investment, funding to maintain assets and to ensure that previous capital investment is not degraded is needed. Due to the financial pressures faced by the sector, colleges are currently unable to provide capital maintenance funding sufficient to maintain them at an acceptable level. Without adequate maintenance funding there will be a negative impact on the learning and teaching environments at colleges, and assets will deteriorate, thus an increase in capital maintenance funding is required to address this. Colleges Scotland is working with the Scottish Funding Council on a sector wide estate conditions survey.

Colleges Scotland
January 2017