

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