

Draft Budget Submission 2025/26



When Colleges Thrive, Scotland Thrives

Ayrshire
College 

BORDERS

COLLEGE

CITY OF GLASGOW
COLLEGE

DGC
Dumfries and
Galloway College
One step ahead

DA
DUNDEE AND ANGUS
COLLEGE


Edinburgh
College

 Fife College


Forth
Valley
College


GLASGOW
CLYDE
COLLEGE

 Glasgow
Kelvin
College

 Newbattle Abbey College
Colaiste Abaid a'Bhataill Nuaidh

 NCL
NEW
COLLEGE
LANARKSHIRE


NORTH EAST
SCOTLAND
COLLEGE

 SABHAL
MÒR
OSTAIG
Ionad Nàiseanta airson Cànan is Cultar na Gàidhlig


SRUC

 South
Lanarkshire
College
East Kilbride

UHI | ARGYLL

UHI | INVERNESS

UHI | MORAY
MOIREIBH

UHI | NORTH, WEST AND HEBRIDES
A TUATH, AN IAR IS INNSE GALL

UHI | ORKNEY

UHI | PERTH

UHI | SHETLAND

WEST COLLEGE
SCOTLAND 


west lothian
college

Dear First Minister,

Investing in Scotland's colleges delivers powerful returns that directly support national priorities, creating lasting benefits for students, staff, communities, and the economy as a whole. Every £1 invested in colleges brings a £6 return.* Colleges are uniquely positioned to drive progress on Scotland's most pressing challenges, and with the right investment, they can deliver. Colleges in Scotland require £853.3m in Revenue investment, and £775m in Capital investment.

Colleges also contribute to all 11 National Outcomes within Scotland's National Performance Framework, ranging from fostering inclusive communities to enhancing environmental sustainability. In short, the success of Scotland's colleges is inseparably linked to the success of Scotland itself, delivering on all of the Scottish Government's priorities:

- **Support the eradication of child and student poverty:** Colleges provide accessible education and skills development, creating pathways to employment and boosting incomes in Scotland's most disadvantaged communities.
- **Grow Scotland's economy:** By equipping students with the skills needed in high-demand industries, colleges fuel Scotland's economic growth and productivity, creating a workforce that meets current and future business needs.
- **Tackle the climate emergency:** Colleges are central to delivering the green skills and training required to meet Scotland's Net-Zero targets, while also leading efforts to make campuses more sustainable.
- **Support the recovery of the NHS:** Colleges train vital NHS staff, including nurses and healthcare professionals, providing the skills pipeline that underpins Scotland's healthcare system.

In addition, The Fraser of Allander Institute estimates that, over their working lives, college graduates will contribute approximately £52 billion to the Scottish economy, further underlining the sector's immense value.

The Current Challenge

Despite the transformative impact colleges have on Scotland's society and economy, the sector is facing a dire financial situation. Reports from the [Scottish Funding Council](#) (SFC) (January 2024) and [Audit Scotland](#) (September 2024) confirm a significant and accelerating decline in college funding. Since 2021/22, colleges have seen revenue funding drop by 17% in real terms, putting their ability to continue delivering essential education and training at risk.

The investment outlined in this document will secure the sector's future and ensure it continues to deliver on Scotland's key priorities. By funding colleges, we are investing in Scotland's people, its economy, and its global leadership in tackling climate change and social inequality. With your support, we can ensure Scotland's colleges continue to thrive, driving success for generations to come.



Sincerely,



Dr Waiyin Hatton
Chair, Colleges Scotland Board

* <https://fraserofallander.org/scottish-college-graduates-will-boost-scotlands-economy-by-52-billion-over-their-working-lives/>

Colleges Deliver With Investment

Colleges Scotland as the voice of the sector supports the delivery of thriving colleges at the heart of a thriving Scotland. Colleges Scotland, as the membership body, represents all 24 colleges in Scotland, which deliver both further education and around 13% of the provision of all higher education in Scotland.

The [Financial Sustainability Report](#) published by the SFC (January 2024) and the [Audit Scotland Report](#) (September 2024) evidence the precarious and accelerating decline in college funding. There have been steep reductions in revenue funding for colleges since 2021/22, which Audit Scotland calculates is equivalent to a 17% real terms reduction (taking into account inflation). The college sector is in a dire financial position.

But with investment, colleges provide great returns. In academic year 2022/23, investment of £696.3m provided:

- 86 million hours of learning
- 248,907 students gained a place at college

The social value of that investment is also vital to Scotland's society, with colleges providing opportunities and education to hundreds of thousands of people.

In 2022/23:

- 24% of students were disabled
- Over half (52%) of S4 school leavers chose college as their next destination
- 27% of school leavers overall entered Further Education
- 1 in 5 18-19 year-olds in Scotland attended college full-time



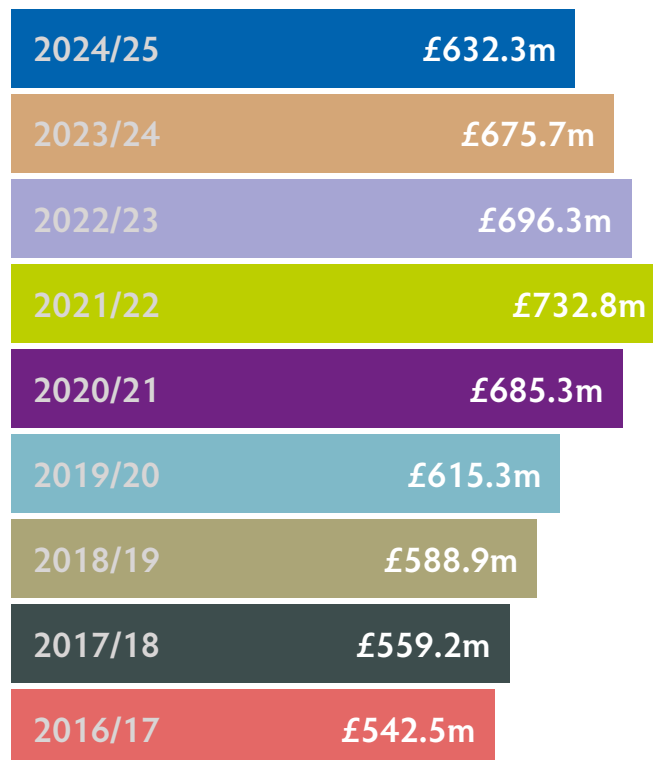


Art and Design, Dundee and Angus College

Graphic 1 evidences the funding levels received by colleges in cash-terms for each Academic Year (AY) since 2016/17. Whilst funding levels increased until 2021/22, the following points should be noted:

- Costs, including energy prices and material costs etc, rose by a greater proportion than the increase in funding.
- Whilst 2021/22 included one-off Covid-19 consequential, these had to be used at the time for ongoing commitments including Foundation Apprenticeships, Digital Poverty, and Mental Health.

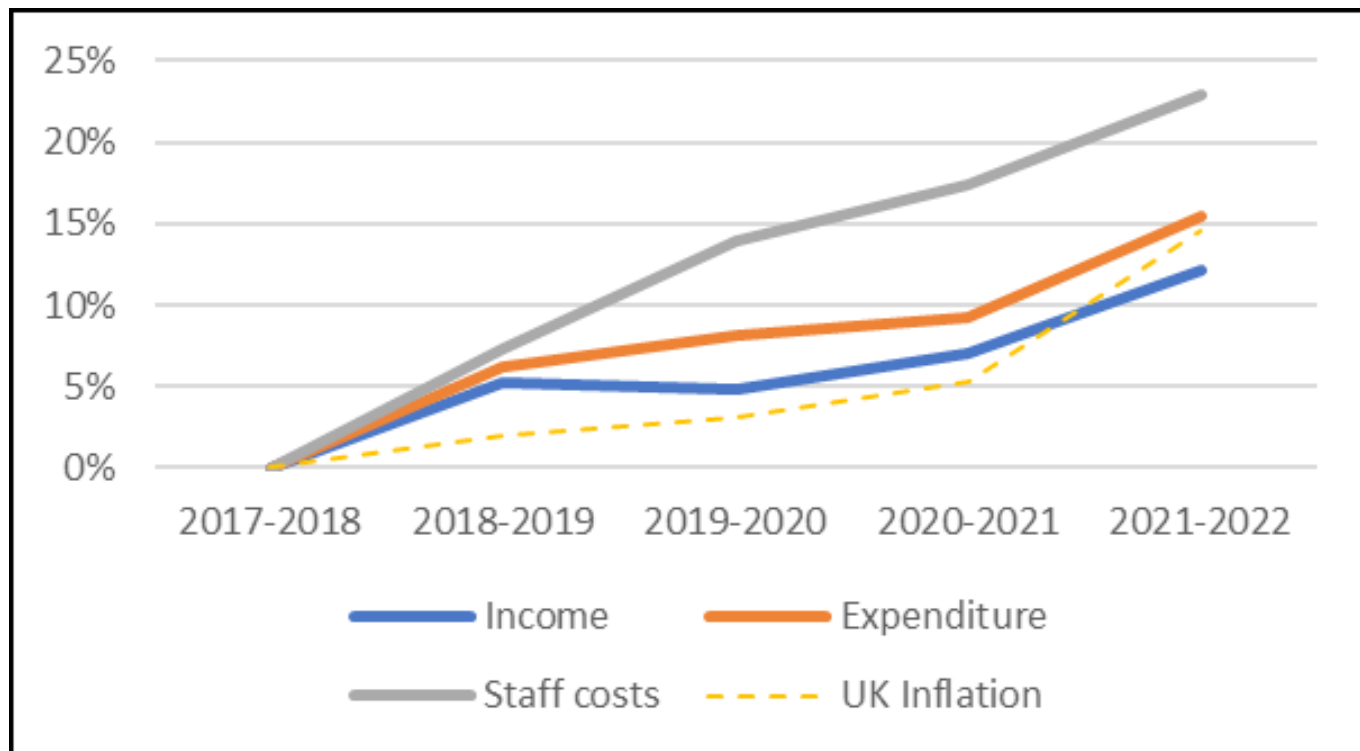
Graphic 1 – College Revenue Funding Trend



Staffing costs make up around 70% of college expenditure, according to Audit Scotland. The increases in pay for both lecturing staff and support staff through the settlements reached in 2024, whilst benefiting staff and ensuring colleges remain Fair Work employers, potentially compounds the future financial challenges.

Graphic 2 shows the differential increase of staff costs, college income and expenditure in the period 2017-2022. Demonstrating the impact of disproportionately rising staff costs on the increase in funding received at the time.

Graphic 2 – Scotland’s College Income, Expenditure and Staff Costs - Cumulative % change (2017-2022)



The welcome assurance that the Scottish Government will provide an additional £4.5m in AY 2025/26, on top of current college budgets, to enable an enhanced lecturers’ pay deal to be honoured. This means that the settlement for Draft Budget 2025/26 requires the current years funding of £632.3m to be maintained along with this £4.5m of additional funding.

In 2022/23, 496 staff left colleges through voluntary severance, with 231 members of staff leaving through voluntary severance in 2021/22.



Digital Film and Television, Glasgow Clyde College



Students in Library, Sabhal Mòr Ostaig

Financial Context

The consistent reduction in college funding in recent years has reduced opportunities for students and has created massive challenges for college leaders. Without adequate funding to deliver education and training, major changes have had to be made. There are difficult choices about which courses colleges can deliver, which buildings can be repaired, or remain viable, and how to cope with rising staff costs. Colleges are now in the position of delivering less activity with less funding.

As confirmed by the SFC, colleges continue to operate in an extremely tight fiscal environment alongside many challenges, including increasing staff costs, general inflationary pressures, high energy costs and rising interest rates impacting on loan repayments.

Their report also confirmed that the financial position of colleges is deteriorating. Four colleges are forecasting a cash deficit by the end of July 2024, increasing to six colleges by the end of July 2026. Separately, this report evidenced further projected substantial deficits for the college sector of £19.2m, £16.6m and £20.3m in 2023/24, 2024/25 and 2025/26 respectively.

“The Chairs of Scotland’s colleges are charged with responsible governance of national assets in the public sector. Our 24 colleges are carefully managed, and we are incredibly proud of the work they do for students and staff, delivering education and training of great strategic importance for Scotland’s economy now, and in the future.

“Reducing investment means that college leaders have had to make challenging decisions, and realistically there are more challenging decisions to come. Our expectation is that the Budget for 2025/26 enables colleges to offer opportunities to students and employers across communities, and help colleges move forward within their regions. This Budget submission shows the need of colleges as public bodies to be sustainably funded.”

Dr Waiyin Hatton, Chair, Colleges Scotland Board



“If the Scottish Government wants to enact real change in the lives of these people across Scotland and provide opportunities for both young learners and those returning to education, colleges must be resourced to make a difference to all types of students, whether this is helping them progress out of poverty and into fulfilling employment or supporting learners to fulfil their potential and move into careers or start their own businesses.

“In order to realise this, the Scottish Government needs to work with the sector through this difficult period for institutions, and avoid excessive bureaucracy, by listening to the requests from senior sector representatives, and creating foundations for stability to support change.”

Joanna Campbell, Chair, College Principals' Group

At the same time other crucial funding streams have been cut:

- The Flexible Workforce Development Fund (FWDF) was withdrawn by the Scottish Government in December 2023 shortly after the publication of a Scottish Government commissioned evaluation which found that the FWDF had largely worked well and was delivering against its purpose, whilst being universally considered by all stakeholder groups to be a much needed and valued intervention.
- Funding for Mental Health counsellors has also ended, with the subsequent one-off, one-year Student Mental Health and Wellbeing Transition Fund coming to an end at the end of AY 2023/24. The 2024 Student Mental Health Action Plan has no discrete, separate funding for institutions to implement the framework for future action.
- The HE Discretionary Funding and Childcare Allowance for AY 2023/24 had been reduced compared with the previous year's budget, with further specific capital funding to support digital poverty also lost to the sector.



Beauty Therapy, UHI Argyll



Students, UHI North, West and Hebrides

When Colleges Thrive, Scotland Thrives

Colleges are of critical importance to Scotland's people, communities, and the economy, they simply cannot keep delivering the same with less.

In the absence of sustainable funding for colleges the range of opportunities for learners from SIMD20 areas, S4 school leavers, minority ethnic groups and students with recorded disabilities as core college learner communities will be further reduced, and these communities will be further left behind.

We acknowledge the extremely difficult position that Scotland is facing but colleges are part of the solution and require a reversal to the cuts to the sector revenue budget – restoring £100.5m in the college budget for 2025/26. This restoration of funding will allow colleges to continue to deliver on Scottish Government priorities, including supporting Scotland's economic growth. This includes providing key workers for health and social care, upskilling the current and future workforce to support the Just Transition, and tackling the impact of child poverty.

The inevitable cycle of “less for less” will impact social and economic development in Scotland and must be reversed. On that basis, we are calling for:

- The Scottish Government to provide a restoration of funding for Scotland's colleges, to deal with the immediate deficit and to prevent colleges from becoming technically insolvent.
- Colleges to receive an inflation-proof increase in future funding settlements and support to implement transformational changes to better prepare them for the future.
- The Scottish Government to create the Foundations for Sustainability following this restoration of funding, enabling colleges to fully embrace and deliver on the Education Reform agenda, including through the “Colleges First” approach.

Colleges Scotland Budget Request

Revenue

Colleges Scotland is outlining the following investment requirements for Draft Budget 2025/26, as set out in the table below for Revenue:

Revenue investment requirements including Student Support for AY 2025/26	2025/26 £m
Required Baseline Funding as Distributed by SFC	632.3
Additional Funding to Settle Lecturers Pay Award	4.5
<i>Sub Total to Deliver Ministerial Commitment</i>	636.8
Restoration of Funding for Stability	100.5
Inflation Proof Increase	14.2
Restoration of Transformation Fund	26.0
Recurring Cost of Staff Pay Deals (AYs 22/23-24/25)	72.5
Additional Cost of Pay Award for Support Staff	3.3
Total of Additional Investment Requirements	216.5
Total Revenue Request	853.3

Required Baseline Funding as Distributed by SFC

The final funding revenue allocation for 2024/25 acts as the baseline figure for the revenue funding going forward. Further to the Scottish Government's commitment to provide an additional £4.5m from 2025/26, on top of existing college budgets, to fund an enhanced pay offer to the EIS-FELA, the college sector is expecting this baseline teaching resource to be maintained. For the avoidance of doubt, this figure excludes the £12.3m set aside for Job Evaluation.

Additional Funding to Settle Lecturers Pay Award

The assurance provided by the Minister in correspondence to College Employers Scotland, dated 22 August 2024, sets out that the Scottish Government would provide an additional £4.5m in 2025/26, on top of current college budgets to enable an enhanced lecturers' pay deal to be honoured. This should be provided alongside the additional cost of the pay award for Support Staff of £3.3m.

Restoration of Funding for Stability

To deal with the immediate deficit and to prevent colleges from becoming technically insolvent, there is a critical requirement for the Scottish Government to deliver a restoration of funding to the college sector, to match the level of funding received by the sector in 2021/22, which has declined year on year since. This will total £100.5m, as the funding in 2021/22 was £732.8m and the funding for 2023/24 was £675.7m (as set out in Graphic 1).



Animal Care, SRUC



Automotive, North East Scotland College

Inflation Proof Increase

In order to protect the spending power of the revenue budget, this needs to be increased to reflect inflationary pressures. Our position reflects the latest CPI measure as of September 2024, when CPI was 2.2%.

Restoration of Transformation Fund

As recognised by the Scottish Government for the 2022/23 Draft Budget settlement, funding is required to support the transformational change required within the sector as part of the wider five-year plan, whilst dealing with the underlying financial position of the sector and supporting the delivery of a consistent curriculum offer across Scotland.

This funding would support the ongoing implementation of the reforms identified by the college sector through Colleges Scotland and the Think the Unthinkable process, including work around Skills Led Regions, Funding and Infrastructure and the role of the Workforce, which has been progressed with Scottish Government.

Recurring Cost of Staff Pay Deals (AYs 2022/23 – 2024/25)

The costs related to the pay deals for both lecturer and support staff for 2022/23, 2023/24 and 2024/25 adds a further £72.5m to the college sector pay bill on an annual basis. This amount is consolidated going forward.

Clearly, this level of pay increase cannot be absorbed without significant impact on staff and students, and Colleges Scotland is expecting additional funding from Scottish Government to cover the recurring costs of these pay claims.

As Audit Scotland outlined in their 2024 briefing on the college sector, staff costs account for around 70% of colleges' expenditure, with their 2023 briefing having previously advised that rising staff costs were the biggest financial pressure for colleges, with the strategic workforce pressures facing colleges being more challenging than before.



Painting and Decorating, Dumfries & Galloway College



Rural Skills, Newbattle Abbey College

In addition, support from Scottish Government is essential for the continued delivery, and sustainability, of collective National Bargaining in the college sector. Continuing industrial action over a number of years has significantly impacted the learning and teaching of students and has been caused in the main by disputes over pay.

It should be noted that for every £1m not made available as part of this Draft Budget submission, this equates to an amount of resource equivalent to around 20 jobs from within the college sector. However, those staffing reductions, required by colleges in order to maintain financial stability, also cause further industrial relations disputes with the recognised trade unions.

Additional Cost of Pay Award for Support Staff

As per the correspondence issued from College Employers Scotland to the Minister for Higher and Further Education; and Minister for Veterans on 22 August 2024, the additional funding from the Scottish Government in AY 2025/26 for Lecturing Staff will undoubtedly set expectations from the support staff trade unions for a similar amount. This has been calculated to be an additional £3.3m cost for the college sector.



Civil Engineering, Glasgow Kelvin College

Capital

Colleges Scotland is outlining the following investment requirements for Draft Budget 2025/26, as set out in the table below for Capital:

Infrastructure Categories	Finance Required 2025/26 £m
From the survey, the costs required to bring the college estate up to the baseline condition	250
Where a campus/building is life expired, what was the professional valuation undertaken to arrive at a replacement cost	525
TOTAL	775

In addition, colleges require capital investment to:

- Maintain lifecycle maintenance costs of approximately £25m per annum from 2025/26 onwards, plus inflationary increases.
- Reach the goal of Net-Zero, with better building investment choices and demonstrating to learners the advantages of a Net-Zero environment.
- Manage and mitigate the impact of RAAC within the college estate on learning and teaching activity.
- Digital infrastructure investment, where funding is required to provide fit for purpose digital facilities to meet the demands of our students and stakeholders for a modern hybrid learning environment.

Investment Requirement

There should be an immediate solution to the renewal of Scotland's college estate and digital infrastructure as a key pillar of investment of public sector assets. Based on a Colleges Scotland survey in May 2023 at least £775m is required to bring estates either to the baseline condition or, where a campus/building is life expired the valuation undertaken to arrive at a replacement.

This amount does not include the additional funding which will be required to assist colleges in achieving Net-Zero targets as public sector bodies.

As noted in the Education, Children and Young People Committee's report on [College Regionalisation](#), as well as in the Audit Scotland briefing on *Scotland's Colleges 2023*, there are extreme concerns about the significant level of backlog and life cycle maintenance required to ensure that the college estate is wind and watertight, to improve the adverse learning environment and subsequent impact on learners. This comes in addition to any costs that will be incurred (both now and in the future) by those seven colleges currently responding to issues in relation to RAAC.

The college sector is working with the SFC to deliver an Infrastructure Investment Plan, following the publication of the College Infrastructure Strategy in November 2022. We are now seeking the full support of the Scottish Government to explore how the requisite resource can be provided to remedy the outstanding maintenance issues and subsequently place colleges on the path to Net-Zero, through a plan for a national renewal of college estates as per the recommendations outlined by the Education, Children and Young People Committee. This will complement the activity being progressed by the SFC to establish the infrastructure baseline for the college sector.



Digital, Fife College

Digital

This inequality also extends to college digital infrastructure, where investment is required to provide fit for purpose digital facilities to meet the demands of our students and stakeholders for a modern hybrid learning environment, in line with the vision established in the National Digital Strategy.

Colleges Scotland has progressed activity in relation to Digital Transformation, with a National Digital Strategy agreed by the Colleges Scotland Board, and accompanying Implementation Plan being developed to outline how the college sector will change its digital capacity and capability. We will continue to keep Scottish Government updated on developments in due course, including the need for proof-of-concept funding to establish pilot activity at the appropriate time.



Sports Therapy, UHI Moray

Solutions for Scotland that a Fully Funded College Sector Will Provide

Criticality of Investment in the College Sector for Scotland

If the Scottish Government commits to fully funding the college sector in Scotland, there will be positive returns on that investment for students, for staff and for communities across the country. With this investment, colleges will have the ability to make informed decisions around their provision and make stronger decisions for the future.

Colleges educate 240,000 students a year – learning at college is a vital life experience for people across the country as they take their first steps to a career, re-train, or learn for pleasure and leisure. 24% of college students in Scotland have a disability and supporting disabled people is a core community function of Scotland's colleges.

It is critically important that there is adequate funding to protect the human capital that already exists within the college sector. This investment is required to mitigate the social impact and real damage associated with significant staff redundancies and campus closures.

Improved funding would allow colleges to deliver the Scottish Governments' four overarching priorities, and maximise the contribution of colleges to increasing productivity and economic prosperity in Scotland.

1. Eradicating Child Poverty – In the presence of funding, course provision will increase, enhancing opportunities for parents and carers to upskill and enter new careers, increasing their household income and benefiting the children in those households. Case studies of what colleges are doing to help tackle poverty when resources are available have been published as part of a series of documents looking at [Pathways from Poverty](#).

2. Growing Scotland's Economy – With investment, the ability of colleges to support local and regional economic growth, including through SME engagement, will be boosted further, as evidenced by the Fraser of Allander report on the [value of college graduates to the Scottish economy](#).



School of Forestry, UHI Inverness

3. Tackling the climate emergency by investing in green energy and infrastructure

– If the current funding trajectory changes for the better, colleges will be able to fulfil their role as the “Climate Emergency Service”, as outlined by Professor Dave Reay, Co-Chair of the Just Transition Commission.

4. Supporting the National Health Service to recover from the significant disruption from Covid

– 29% of learning activity in colleges takes place in health and care related subjects. This number will be maintained and increased with sustained investment.

Economic Good – Delivery of Growth

The economic contribution of colleges in Scotland has been reinforced by the findings of Fraser of Allander Institute research completed in October 2023, which has evidenced the system wide impact of college graduates and the economic impact of the money that colleges spend.

This latest research, which was launched in October 2023, shows that:

- For the 2021/22 graduation cohort, it is estimated that the Scottish economy in terms of GDP, will be cumulatively better off by **£8 billion**

in present value terms over the long term, when compared to an economy without these skilled graduates. This is equivalent to a **£73,000 boost in productivity** per graduate to the Scottish economy.

- The Scottish Government’s £740m investment, via the SFC in colleges in 2021/22, led to a **£8bn boost** to the GDP of the Scottish economy and a **£2.8bn boost** to government revenues. The investment in this college cohort therefore represented **9%** of the return in terms of the boost in GDP, and **26%** in terms of the boost to government revenues.
- The 2016/17 – 2021/22 college graduation cohort is estimated to have made the Scottish economy cumulatively better off by around **£52bn** over their 40-year working life, when compared to a scenario without these skilled graduates, helping to boost labour productivity by **2%** in the long run across the Scottish economy.
- College spend helps to support an additional **4,400 jobs** across the Scottish economy, of which 2,700 are directly supported by college supply chain spending, and the remaining 1,700 are supported across the wider economy, as reported by the Fraser of Allander Institute modelling.

Social Good – Delivery of the National Performance Framework

Colleges are unique in their ability to deliver against all eleven of the National Outcomes as established by the Scottish Government and are the only public sector organisations that do so.

Colleges are active across numerous portfolios and investment in the college sector will ensure that the national public assets, and skills, experience, and abilities of the college sector can be utilised to help deliver on the National Outcomes. These are:

Children and Young People – Colleges provide pathways into learning from school for children and young people, whilst presenting opportunities to school pupils to engage in curriculum areas relating to STEM and Computing Science, helping them to realise their potential.

Communities – Colleges provide safe and warm spaces for their learners, as exhibited during the Covid-19 pandemic, and work with partners to provide a focal point for community engagement, creating a more inclusive society.

Culture – Colleges, in their capacities as civic anchors at the heart of their communities support a range of areas that support local culture, including school engagement, community events, co-location of community services, evening classes and leisure activities, ensuring cultures are both expressed and enjoyed.

Economy – Colleges create learners by boosting skills, employment, increasing real wages and contributing to increased trade and investment, as part of a globally competitive and sustainable economy. Retraining and upskilling people to help them move into and within the labour market is a crucial aspect of the work of Scotland's colleges. Colleges are also closely connected to the ambitions and objectives established in the National Strategy for Economic Transformation (NSET).

Education – Colleges ensure that learners are educated, well skilled and able to contribute to society.

Environment – Colleges are delivering skills training to support Scottish industry to transition to Net-Zero, ensuring that in the long term we protect and enhance our environment.





Travel and Tourism, West College Scotland

Fair Work and Business – Colleges work closely with business to support innovation and growth, whilst enabling learners to gain the skills with which to move into quality jobs. Enhanced and increased partnerships with industry, Innovation Centres, schools and community stakeholders, are all critical parts of the work of colleges.

Health – Colleges support better health opportunities by reaching those furthest from employment from the most deprived SIMD areas through education. College education enhances health knowledge and understanding, whilst improving quality of life through employment.

Human Rights – All people deserve an education and good health as basic human rights. Colleges absolutely support this by giving opportunities to people to achieve qualifications and improve their employment and income options and therefore improve lifestyle and health.

International – Colleges and their connections with international partners create opportunities for positive contributions globally.

Poverty – Colleges offer educational and vocational opportunities to people from some of the poorest communities in Scotland, proactively working with schools to address the school attainment gap – that is, the difference in achievement between Scotland's poorest and richest young people.



Nautical Studies, City of Glasgow College

Risks Around Lack of Investment

Destabilise Individual Institutions

There are significant concerns about the financial position of colleges as, even before the Covid-19 pandemic, the strains on the college sector were clear. Four colleges are forecasting a cash deficit by the end of July 2024, increasing to six colleges by the end of July 2026. Separately, Audit Scotland evidenced further projected substantial deficits for the college sector of £19.2m, £16.6m and £20.3m in 2023/24, 2024/25 and 2025/26 respectively.

Damage the Life Chances of Scotland's Children and Families

As civic anchors, all 24 colleges in Scotland play a vital role in the social and community make up of 'our places' i.e. the combined physical, social and cultural environment. Colleges help the most disadvantaged and furthest from the labour market, and power regional economies by delivering the skilled workforce and innovative practice needed by business and industry, giving opportunities for all.



Healthcare Practice, Forth Valley College

Reduce capacity to tackle the Climate Emergency

Scotland's capacity to respond to the Climate Emergency will be negatively impacted without an adequately resourced college sector. Addressing climate change becomes more challenging without the appropriately skilled workforce being in place to meet the current and future industry needs, placing Scottish Government at greater risk of missing its climate change targets.

Halt the Delivery of a Fairer, Greener Economy

Colleges are, and will continue to be, the powerhouses of Scotland's economy and are the place where this generation and the next are supported into careers by joining the workforce or continuing their education. Colleges are characterised by an ambition for greater collaboration across the skills and learning landscape, between schools, colleges, universities, and other providers, and outwards with employers, businesses, and industry sectors.

Conclusion

The Scottish Government is prioritising the eradication of child poverty, growing Scotland's economy, tackling the climate emergency by investing in green energy and infrastructure, and in supporting the National Health Service to recover from the significant disruption from Covid. These ambitions can be delivered faster and more securely with significant and sustained investment into Scotland's colleges.

When Colleges Thrive, Scotland Thrives.

Foundations for Sustainability of Colleges

This Budget submission sets out the investment required to deliver stability.

But if the conditions for stability are met, there are next steps which would take the college sector to sustainability.

Colleges Scotland is recommending that Scottish Government provide the Foundations for Sustainability, which would include the following landscape change for colleges to operate successfully in:

Strategic Direction and Five-Year Plan

Given the competing demands placed on colleges, it is essential that the Scottish Government uses this Budget to provide clear strategic direction to colleges as to what it expects, and needs, colleges to deliver, a message reiterated by Audit Scotland in its 2024 report that colleges: *“need more clarity from the Scottish Government on the aspects of their role to prioritise, given the scale of the challenges, to help them manage their funding”*.

Our position is that this longer-term approach is developed through an initial five-year plan for the college sector, building on initial activity through the Scottish Government’s Tripartite Alignment Group.

This will provide a response to the previous messaging from Audit Scotland in its [Scotland’s Colleges 2023 briefing paper](#) that *“the Scottish Government and the Scottish Funding Council urgently need to build on their ongoing work to help colleges plan for change now, and make best use of available funding so that they are sustainable for the future.”*

Maximising the Delivery of the Wider Education and Skills Budget

Colleges Scotland is seeking a reallocation of an element of the overall skills and education resource, currently sitting at £3.2 billion in the 2024/25 Budget, to allow the college sector to transition to deliver key Scottish Government priorities, whilst maximising the value of the public pound at a time of acute financial pressure for the Scottish Government.

This reallocation will address the reduction in funding for the sector of 17% in real terms between 2021/22 and 2024/25, while the sector’s costs have increased.

This move would also align with the vision detailed in the Independent Review of the Skills Delivery Landscape, as led by James Withers, whilst reducing duplication and wastage within the system for the benefit of the public purse.

Growth and Enabling Greater Return on Investment

For sector funding to be fully maximised, and ensure the five-year plan is delivered, there is a need for the Scottish



Science, West Lothian College

Government to commit to revising the existing Funding Model for colleges in Scotland.

It is our position that over a five-year plan, the existing credit funding model be phased out and replaced with a funding methodology and system which provides both autonomy for institutions and trust that they can deliver for learners, employers and regional economies.

This position echoes the recommendation given by the Education, Children and Young People Committee in their [College Regionalisation Inquiry report](#) published in March 2023: *“The Committee recommends that the Scottish Government and Scottish Funding Council urgently give colleges as many financial and operational flexibilities as possible to help them deliver on the various strands of their work. This could include, but not be limited to: flexibility for year end, flexibility on SFC outcomes and flexibility in terms of access to additional funds”.*



Disability Sports, New College Lanarkshire

It is the college sector’s expectation that the Tripartite Alignment Group takes forward activity to alter the credit funding model and work with the sector to ensure a new approach is ready for implementation for AY 2025/26.

Accelerating Reform – Introduction of a Truly “Colleges First” Approach

The request is made of the Scottish Government to ensure that the required investment into the college sector is delivered with a firm commitment to the “Colleges First” approach, building on the work taken forward by college sector leaders through the College Sector Reform to 2026 activity, and the current Scottish Government policy priorities identified through Purpose and Principles.

As a practical example, with the move to a “Colleges First” approach to future apprenticeship delivery, the transition to a single funding body for all apprenticeship funding should be focused on maximising investment into Scotland’s colleges to deliver against the skills requirements for Scotland’s economy, supporting local and regional economic growth.

Stability to Sustainability to Success

With a restoration of funding to resolve the immediate financial challenges facing the colleges in Scotland today, combined with a five-year plan to deliver those steps highlighted above, along with ensuring the conditions for longer term sustainability are created, the college sector can deliver more successful outcomes for learners, employers and communities and deliver on the investment provided by the Scottish Government.



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