



Spending Review Submission 2022-25

Delivering success for learners,
communities and the economy

**Key
College Sector
Facts**
2019/20

239,000
students

11,000
staff

70 million
hours of learning
delivered each
year

Over **93,000**
enrolments
linked to
industry

1 in 5
18–19 year-olds
go to college
full-time

25%
of students
studying
STEM

72%
part-time
28%
full-time

84%
of college leavers
have gone on to a
positive destination
despite the
pandemic

Delivers a
quarter of all
higher education
in Scotland

Colleges will generate
additional value worth
£20 billion for the Scottish
economy in the long
term, representing an
additional **£55,000** boost
to productivity in the
economy per graduate
over their working lives

Health care /
Medicine / Health
and Safety are
the most popular
subjects

Largest delivery
agent of Modern
Apprenticeships

1. Executive Summary

Introduction

Colleges are 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 shift 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.

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. The elements of this submission also support wider Scottish Government policy drivers and strategies, including those focused on the recovery from the impact of the Covid-19 pandemic.

Creating the Environment for Success

The backdrop of this submission is the recent Scottish Funding Council (SFC) Review of Coherent Provision and Sustainability. To allow the college sector to fully contribute to the recovery and economic transformation agenda, and to deliver the workforce required to help Scotland thrive, Colleges Scotland again notes the changes needed in the landscape to create a successful environment:

- For Ministers to work with the college sector to set out the clear purpose of colleges, as acknowledged in the Scottish Government's response to the SFC Review.
- Deliver stable and sustainable funding to colleges as a core part of the Scottish public sector, in turn enabling long-term planning and investment through multi-year settlements, and so we look forward to further details of the forthcoming Framework.
- Support initiatives to mitigate against the impact of loss of learning experienced by college learners.
- Commit to equity of funding across the education landscape, to address the current inequality in student experience.
- Commit to equity of experience, access and opportunity.
- Ensure appropriate system changes and adequate flexibility within the national framework.

See Section 2 for more details.

Barnett Consequentials

Following the previous written [commitment](#) from Scottish Ministers that the appropriate Barnett Consequential from increased spending on colleges in England by the UK Government will be directed towards the college sector in Scotland, we would continue to expect this to be honoured by the Scottish Government.

As a result of announcements by the UK Government as part of its Autumn Budget on Wednesday, 27 October 2021, we will await confirmation of the additional revenue amount due to come to the college sector in Scotland as a result of the additional spending on Skills T-Levels, and the increased capital amount, following the UK Government's further spending on modernising the college estate in England.

Investment Requirements of the College Sector for 2022/23

Colleges Scotland is asking the Scottish Government to:

- For 2022/23 commit to the additional revenue funding of **£124.8m** and capital investments of **£92.0m** as set out in this submission. The detail behind these requests can be found in section 3 of this submission.
- Consolidate the substantial one-off funding streams enacted during the pandemic into core funding for colleges – including securing Foundation Apprenticeships, digital inclusion, mental health, Young Persons Guarantee, and the National Transition Training Fund.
- Increase investment for the college sector in relation to the Flexible Workforce Development Fund.
- Commit to an increase in the ongoing core teaching grant of an amount equivalent to the Retail Price Index (RPI) each year, across the whole period of the Spending Review.
- Invest to establish a Future Technology Partnership and programmes of work to help close Scotland's digital workforce gap and appropriate upskilling of college staff.
- Provide a Transformation Investment Fund to allow colleges to make the transitions required, including to provide continued and adequate support for delivery of the Fair Work and National Bargaining agendas.
- Ensure colleges gain access to the Green Jobs Fund and Just Transition Fund, both set out in the Programme for Government published in September 2021, so the full contribution of the college sector can be used to help address the challenges faced by Scotland.
- Provide the same reassurance for 2022/23 that the SFC will not recover funds for shortfalls against core outcome agreement targets where these are related to Covid-19, as the sector continues to be impacted by both Covid-19 and university activity on college recruitment. Both will place a heavy burden on colleges so a similar guarantee for the sector on core funding for 2022/23 and beyond would assist in providing a more stable platform.
- Accept and take forward the recommendations in the recent SFC Review on Coherent and Sustainable Funding, that provide the necessary financial sustainability for the sector.

2. Creating the Environment for Success – Embedding Positive Changes

Defining the Purpose of the College Sector

In line with the SFC Review recommendation that ‘Scottish Government sets out its overall strategic, longer-term intent for colleges’, now is the appropriate time for Ministers to work with the college sector to set out the clear purpose of colleges.

Stable and Sustainable Funding

Colleges Scotland is seeking to move to the provision of stability and then sustainability with its core budget for the college sector, one that provides a streamlined and simplified approach to funding. This will allow clarity over levels of resource, reduce unnecessary bureaucracy so that resources are maximised for the learner at the frontline, increase our ability to plan effectively, as well as deal with the inherently unfair starting point for funding the different sectors across the education system.

Equity of Funding

The recent parliamentary answer (S6W-01165 published on 28 July 2021) shows the stark differences in the baseline amounts invested in college students, and the real disparities across our educational settings. It should be noted that the figures in the parliamentary answer have not included tuition fees. College students deserve parity of investment and Colleges Scotland has consistently called for stronger, longer-term funding to help colleges thrive. The gap between secondary school, college and university funding should be closed as soon as possible. Currently, college funding is to cover the teaching element, but colleges require additional resource to ensure a great student experience, equity of opportunity and to ensure the necessary support for those cohorts of students requiring additional interventions.

Extract from parliamentary answer:

Average expenditure per place for each education level in real terms (2020-21 prices)	
<i>Education level</i>	<i>2019-20</i>
Pre-school	£7,397
Primary School	£6,143
Secondary School	£8,278
College	£4,321
University	£5,913



Equity of Experience, Access and Opportunity

Colleges Scotland is seeking the provision of policy intent and strategic purpose to enable colleges to provide equality of opportunities for learners, to close the attainment gap and provide equity of experience for learners.

Multi-year Settlements

To allow for better planning and use of resources, the college sector is seeking a move away from single year settlements to multi-year funding. This will provide a more stable basis for colleges and regions to plan provision and to invest in both the curriculum and infrastructure. Multi-year funding reduces risk and builds commercial and operational resilience.

This must include addressing the impact of the Covid-19 pandemic on the loss of learning experienced by college learners, with the introduction of mitigation measures and additional support to ensure that those impacted in colleges are not disadvantaged. The loss of learning also interrupts the skills pipeline, with the knock-on impact on ensuring the provision of a skilled workforce to help the economy of Scotland to recover and transform.

Flexibility

Colleges Scotland is seeking a more flexible framework for colleges to work within, one that gives the opportunity for colleges to respond to regional needs, whilst providing the assurance on public spend.

3. Revenue and Capital Investment Requirement

Additional Revenue Investment

The table below sets out our request for **additional revenue funding** over and above the baseline funding provided for core and European Social fund delivery.

Whilst it is assumed that funding amounts for National Bargaining / harmonisation (including all elements for backdating Job Evaluation to September 2018) have been baselined, the one-off 'Covid Consequentials' received by the college sector previously have NOT been baselined.

The request around Flexible Workforce Development Fund assumes that the total level of funding for 2021/22 of £17m, which is made up from a number of different funding sources, continues to be both available and delivered solely through the college sector.

Additional Investment Requirements for Academic Year (AY)	2022/23 £m	2023/24 £m	2024/25 £m
Revenue Funding			
Foundation Apprenticeships – see Section 5 (note 1)	20.0	21.0	22.0
Digital Inclusion – see Section 5 (note 1)	7.8	8.2	8.6
Mental Health and Wellbeing Fund – see Section 5 (note 1)	5.0	5.2	5.5
Extension of Young Person’s Guarantee and National Transitional Training Fund – see Section 5 (note 1)	14.4	15.1	15.8
Flexible Workforce Development Fund – see Section 5 (note 2)	20.0	21.0	22.0
WorldSkills embedding – see Section 5	1.0	2.0	2.0
Sustainable Revenue – see Section 6 (note 1)	23.9	25.0	26.3
Closing the Digital Workforce Gap and Addressing College Staff Skills – see Section 7 (note 1)	7.7	8.1	8.5
Transformation Investment Fund – see Section 8 (note 1)	25.0	26.2	27.5
Total Additional Revenue Request	124.8	131.8	138.2

Note 1: based on Retail Price Index (RPI) – All Items indicator, currently based on September 2021 figure – 4.8%, but to be reviewed each year.

Note 2: The figures in the table for FWDF include the current amount of funding of £17m received by the college sector in 2021/22 from various sources.

Capital Investment

At this time in relation to infrastructure investment, as well as the Scottish Government [Infrastructure Investment Plan](#) previously published, the [Fairer, Greener Scotland: Programme for Government 2021/22](#) document published in September 2021, stated that the Scottish Government would work with the SFC to develop an estates strategy for Scotland's colleges, establishing priorities for investment.

Covid-19

The response of colleges to the pandemic has brought forward digital provision and influenced the balance between investment for physical and digital infrastructure. The sector published its Digital Ambition in October 2020. However, given the range and scale of professional, technical and vocational courses, which require on campus training and assessment, colleges will always require high quality physical infrastructure alongside the best possible digital offer colleges can make to students and staff.

Net Zero

This is also an opportunity for the college sector to play its part in the Scottish Government's plan to transition to net zero emissions and environmental sustainability. With the Climate Change Plan and COP26 held in Scotland in November 2021, it is anticipated that further measures will be required to achieve the Scottish Government commitment, including investment in low carbon infrastructure projects for the college sector. Investment in the college infrastructure will not only help deliver positive outcomes, but also bring wider benefits around upskilling and reskilling and assisting in achieving the outcomes of the National Planning Framework. To inform the investment required for the college estate to achieve the 2045 Net Zero target, a college sector wide survey is required to identify the cost to future proof college campuses in relation to Net Zero.



Capital Funding

The table below sets out our total request for **capital funding** for the college sector (in addition to Non-Profit Distribution (NPD) payments and capital funding related to Fife College) for the Spending Review period.

Capital Investment Requirements for Financial Year (FY)	2022/23 £m	2023/24 £m	2024/25 £m
Estates Funding			
Backlog capital maintenance	45.0	45.0	45.0
Lifecycle maintenance	22.0	22.0	22.0
Digital Funding			
Investment fund	25.0	25.0	25.0
Total Capital Request	92.0	92.0*	92.0*

*It is likely that the future baseline figures will rise if current impacts on supply chains, materials, availability of labour continue, with an associated inflationary rise. A review of costs needs to be maintained due to significant price inflation for construction material and projects.



4. Positive Impacts and Protection from Risk

What Investment Delivers for Colleges, Students, Communities and the Economy:

- Provision of spaces for economic placements whilst the labour market recovers – colleges provide a positive place for learners to increase their skills and to become more rounded individuals during the economic downturn.
- A reduced rate of unemployment – additional people in colleges gaining skills increases their value to society whilst jobs are created and prevents individual from being unemployed.
- Contribution to Scotland's economic recovery – colleges have a critical role to play in Scotland's recovery, supporting Scotland's future, getting our citizens into and back to work, ensuring an absolute focus on both social and economic recovery, and contributing to the success of the changed economy of the Scotland of the future.
- A sustainable and flexible college sector for the future – to capitalise on colleges strengths then maximum flexibility is needed to help quickly address the local and regional skill shortages, unemployment, and to tailor support for industry and business. Colleges have a key role in building and maximising the social capital of Scotland, one that contributes to inclusive economic growth and takes a learner-led approach.
- Delivery on Scottish Government priority of health – colleges across the whole of Scotland provide mental health support and services to students.
- Delivery on Scottish Government priority of equality – evidenced by the disproportionate number of learners from the most socially deprived backgrounds and that 90% of those learners from these areas that went to university did so through colleges.
- Provision of greater flexibility – delivery of a learner-centered system that facilitates seamless learner journeys, building on good articulation practice, whilst avoiding duplication and delivering the workforce for the changed economy.



Protecting Scottish Government Investment from Risk by Providing Sustainability:

- Investment lessens the impact of the Covid-19 pandemic on the student experience, on the costs of delivery and on our ability to meet Scottish Government targets.
- Investment in colleges as a core part of Scotland's public sector allows organisations to keep pace with the global digital revolution – pivoting to online learning, dampening the impact of digital poverty, including in relation to access to broadband, required curriculum development, staff and student training.
- Insufficient funding to meet student support requirements, alongside rigidity in the funding system, is a substantial risk to funding effectiveness.
- Changes to the funding model, the sector's ability to deliver regional outcome agreements and Government targets, is also a substantial risk to funding effectiveness.
- Sustainable and suitable investment so that the colleges have the skilled staff available to deliver the upskilling and reskilling of learners, and to provide the necessary support services, to aid economic growth.
- Risks in addressing essential and backlog estates maintenance.
- The ongoing impact from the UK's exit from the EU, and potential reduction in overall funding because of the parameters around the Shared Prosperity Fund.



5. Scottish Government Required Revenue Investment

Foundation Apprenticeships (FA)

With responsibility of FA funding passing to SFC from Skills Development Scotland (SDS) in 2021/22, the first-year intake was paid for by using one-off Covid Consequential funding. FAs are generally two-year courses and colleges have committed to these and have therefore related staff costs which are now core business, therefore continued specific funding is required for year one of FAs of approximately £14m per annum and year two of FAs of approximately £6m per annum. This results in a requirement of investment of approximately **£20m per year** (with adjustments for inflation) for the duration of the Spending Review period to ensure continued delivery. As well as allowing colleges to continue to deliver FAs, this funding is also vital to ensure the ability of colleges to continue to recruit learners onto these flagship Scottish Government courses.

Digital Inclusion

To continue the move to a fully supported and readily available online learning, actions and resource around the following areas are required:

- Allow digital inclusion for all through provision of equipment and free data access
- Resource for the increased licensing costs associated with the equipment provided
- Resource and time for staff to undertake course development
- Appropriate spaces for learners to have a safe and conducive environment in which to learn
- Additional support for student development to ensure they can embrace digital learning.

In addition to the above, fast, secure and consistent connectivity throughout Scotland is required.

Digital Device Pack

The college sector is seeking a funding commitment to allow a 'digital device pack' of appropriate equipment and data connection for each non-school based learner who does not have access to a laptop and/or data.

Meeting this demand would:

- Enable more learners from SIMD10 and SIMD20 postcodes to be able to connect
- Supports people access training or retraining
- Provides equity of access to digital learning.

Through publicly available data, Colleges Scotland has estimated the number of non-school based learners at college who do not have access to a laptop and/or data provision. The investment required from Scottish Government to help deliver the digital device pack approach for the college sector is as follows:



- Cost of standard specification laptop – £400 each
- Cost of 12 months data package – £300 each
- Total cost per learner – £700

Total investment required to ensure all non-school based learners in digital poverty have adequate access to a laptop and data is £7.8m per annum.

Mental Health and Wellbeing Fund

It is critical for colleges to support the mental health and wellbeing of our staff and students, and the pressure of the pandemic has clearly impacted health and well-being for many. Colleges Scotland is seeking investment to enhance learner welfare and to build capacity for colleges to offer additional mental health interventions (other than the additional counsellors currently being funded over a four-year period) to provide wider mental health support within colleges. The demand for this type of support had existed previously and has only grown over recent months and is required to ensure adequate support for our staff and learners and to support the relevant outcomes from the National Planning Framework.

The additional funding of £4.4m for AY 2021/22 is welcome and is required as an ongoing funding stream to enable colleges to invest in and build sustainable and robust support for staff and students.

A specific request for annual investment throughout the Spending Review period of **£5m per annum** is made in order to ensure this key service continues to be available to support both our students and staff.

Extension to Youth Intervention and National Transition Training Fund

These key interventions to help different cohorts to be retrained and upskilled because of the impact of Covid-19 are only available until March 2021. Therefore, the college sector will be starting to show the difference that these offerings can provide during the AY 2021/22.

Colleges Scotland is seeking that these two offerings are extended for the duration of the Spending Review period, and that this resource is provided to the colleges separately from the credit funding model, as colleges can then continue to build on the good start as a result of the initiatives and will be able to undertake much more going forward:

- Young Person's Guarantee funding per annum of **£10.0m**
- Transition Training Fund element per annum of **£4.4m**.

Flexible Workforce Development Fund (FWDF)

Colleges welcome the opportunity to progress the implementation of the FWDF which has provided a resource to the sector to help increase Scotland's productivity through up-skilling the existing workforce. The college sector has demonstrated successful delivery of the fund since its launch, meeting employers training needs and establishing relationships with many hundreds of new businesses.

Employer feedback has demonstrated that the work colleges have undertaken with organisations has positively contributed towards the achievement of significant economic impact and increased productivity as a result of training to support public, private and third sector organisations, supported through the FWDF.

Colleges are committed to maximising the benefit of the FWDF and welcome the additional monies to help unmet demand and to extend the approach to non-levy paying organisations. The request around FWDF assumes that the level of funding of £17m for 2021/22 continues to be available to the college sector, from the range of financial sources, with an additional ask for each year of the Spending Review period of £3m, therefore a total ask of **£20m per annum** (adjusted for inflation).

WorldSkills

Scotland is currently the only nation in the UK that does not contribute to WorldSkills UK core funding and there is a significant danger that it will be overtaken both on a UK basis and an international level. The other devolved nations, Wales and Northern Ireland, are now making significant investment in WorldSkills UK and are utilising the expertise provided through WorldSkills to the benefit of their skills economies.

Investment in this space would also allow the college sector to develop and establish a Scotland-wide WorldSkills infrastructure, to allow all colleges full participation in a national Centre of Excellence for Scotland, which would build on the Centres of Excellence and Innovation Network currently in place to some extent through WorldSkills UK.

In the first instance the college sector is seeking a specific funding commitment of **£1m** in 2022/23 (and a total of £5m over the Spending Review period) to support the introduction and implementation of a three-year pilot programme, to deliver the following:

- All colleges in Scotland to have access to Centre of Excellence learning through the Innovation Network.
- A Scotland wide infrastructure funded and established to allow all colleges full participation in a national Centre of Excellence for Scotland.
- WorldSkills UK- Scotland established as a skills development and quality improvement driver, with a focus on driving standards from Competence to Excellence and implementing international occupational standards and benchmarking.

In terms of the Spending Review timescales, this would break down as follows:

Year	2022/23	2023/24	2024/25
Amount/ £m	1.0	2.0	2.0

6. Revenue Investment Required for Financial Sustainability

There are significant concerns about the financial position of colleges for 2022/23 onwards. The contribution of colleges to building the recovery and economic transformation needs to be founded on a financially sustainable model – the unsustainability of current core funding must be addressed. Even before the Covid-19 pandemic, the strains on the college sector were clear. There must be stability, and then sustainability for colleges.

Colleges Scotland is seeking a three-year commitment that college teaching and learning core grant will be increased annually in line with the Retail Price Index (RPI) – All Items.

The latest data available at time of submission of this document is September 2021, with a change over the last 12 months of 4.8%. Whilst this would be updated each year ahead of the Draft Budget, we have used this figure across the three years of the Spending Review period for illustration. The start point is the AY 2021/22 core teaching grant (excluding one-off funding elements) of £498.7m.

SFC's analysis in June 2021 on the ['Coherence and Sustainability: Financial Sustainability of Colleges and Universities'](#) indicated:

- The overall adjusted operating position for the college sector is a deficit of £549k for AY 2020/21 which is a deterioration on the 2019/20 result (£3.4 million surplus). Eight colleges are forecasting an adjusted operating deficit based on the latest returns. The forecasts reflect the recently announced 2020/21 financial sustainability funding of £15 million.
- Cash balances of £51.8 million are forecast at the end of July 2021 which represents a reduction on 2019/20 (£73.3 million).



7. Closing the Digital Workforce Gap

The Logan report on the Scottish Technology Ecosystem Review published in 2020 highlighted an estimated 13,000 gap in the provision of suitably skilled digital workers for the Scottish economy.

Colleges are the key provider of the talent pipeline for digital skills, liaising with the wider digital and tech sectors, and as such the college sector is ready and willing to continue to build on the part it plays to ensure Scotland has the skilled workforce that is required to ensure economic recovery and transformation.

Colleges already provide opportunities, with over 26,500 students enrolled in digital skills, including 14% at higher education level. The college sector has a great track record of working with employers to increase the digital skills of employees, which is contributing towards addressing Scotland's deficit in levels of digital knowledge and understanding. Colleges also facilitate pathways into employment for neurodiverse learners and those learners from socially disadvantaged backgrounds.

Future Technology Partnership

Building on this current provision, colleges have an ambition to go further, and establish a Future Technology Partnership, which would encompass digital skills, but which would also ensure a coordinated and planned approach to the wider technology skills required by Scotland to maximise economic transformation, contribute to the delivery of the Just Transition agenda and be learner centred.

The Future Technology Partnership would be based on the tried and tested approach of the Energy Skills Partnership (ESP) and would provide a strategic collaborative approach across the whole college sector. This would allow for the Future Technology Partnership to deliver on both the immediate skills requirements and the longer-term needs.

The Future Technology Partnership would:

- Ensure the development of a sustainable approach
- Allow the understanding of future needs
- Consider and build future capacity within the colleges
- Review and recommend the best approach to a digital contents hub, to support colleges and staff
- Establish a truly partnership approach
- Identify future resource requirements.

Colleges Scotland is seeking initial funding for the period of the Spending Review submission to establish and support the Future Technology Partnership.

Funding would support staff in each college region and the Future Technology Partnership. Colleges Scotland is seeking the following investment over the period of the Spending Review to allow this key element of work to be taken forward:

Item	Notes	2022/23 £m	2023/24 £m	2024/25 £m
Average one staff member per region	At average cost of £50k each, including oncosts, adjusted for inflation	0.65	0.68	0.71
Support costs for Future Technology Partnership	For support of the work of the partnership, adjusted for inflation	0.05	0.05	0.05
		£m 0.70	£m 0.73	£m 0.76

Investing to close the Workforce Skills Gap

Further to discussions with external stakeholders including the Scottish Digital Academy, the Scottish Government and ScotlandIS, as well as the Service Design Academy session, Colleges Scotland has identified a number of programmes of work that would emerge from the Future Technology Partnership, supporting workforce development, and contributing to Scotland's economic transformation.

Colleges have demonstrated the added value they can deliver with the appropriate framework and flexibilities in place, e.g. through the FWDF. To ensure such flexibilities in the delivery of the programmes of work identified, the college sector would be seeking the funding resource required to be provided to the colleges outwith the credit funding model.

These programmes of work already identified are set out in the table below:

Current Situation	What's Missing?	College Programme of Work	Impact
13,000 digital-tech jobs gap, lack of learners studying digital related topics	Comprehensive range of accessible courses for varying levels, of varying lengths and skill levels. Equity of access	Colleges Digital Skills - building capacity	Colleges increase economic productivity, and add to Scotland's GDP by marrying labour market needs with suitably trained workforce
Computing qualifications unavailable at many schools	Comprehensive range of accessible courses for varying levels, of varying lengths and skill levels. Equity of access	Digital Futures - school/ college pathways	Colleges will reverse the decline in higher and advanced higher candidates for Computing Science. Exposure to college will strengthen the connection between senior phase pupils and their local college
Altered employment landscape with more digital/green jobs and requirement for quick upskilling/ reskilling of employees	Short, sharp, intense upskilling and reskilling courses	Colleges Digital Talent Accelerator	Colleges will become a universally recognised provider of short, reskilling and upskilling courses that meet the market need

Colleges Scotland is therefore seeking the following investment over the period of the Spending Review to allow these key projects to be taken forward:

Theme	Initiative	2022/23 £m	2023/24 £m	2024/25 £m	Impact
Building capacity	Colleges Digital Skills	1.20	1.26	1.32	15,600 enrolments over 3 years focusing on Excluded Talent, Untapped Talent, Existing Workforce, E-commerce and Emerging Technologies
Rapid Upskilling/ Reskilling	Colleges Digital Talent Accelerator	3.40	3.60	3.77	6250 enrolments over 3 years focusing on Cyber, Data and Software Development
Feeding the pipeline	Digital Futures (School/ College Pathways)	1.10	1.15	1.21	3900 new enrolments from schools over 3 years focusing on general Computing
		5.70	6.01	6.30	

Digital Staff Development Requirements

To also ensure colleges can resource course development and training for staff and students, Colleges Scotland is seeking funding to provide an average of two members of staff per region to evaluate, develop and oversee the required upskilling for existing college staff.

The cost for these 26 new staff members at £50k (including oncosts) is **£1.3m per annum**.

Combining the costs for the development of the Future Technologies Partnership, digital programmes of work identified in the table above, the National Learning Platform and the costs for Digital Staff Development requirements gives the following total for Closing the Digital Workforce Gap:

	2022/23 £m	2023/24 £m	2024/25 £m
Future Technology Partnership	0.70	0.73	0.76
Digital Initiatives	5.70	6.01	6.30
Digital Staff Development	1.30	1.36	1.43
TOTAL	7.70	8.10	8.49

8. Transformational Investment Fund

Transformation Investment Fund

The college sector is keen to work with the SFC on the proposed Transformation Investment Fund which allows for the college sector to take forward initiatives that are not funded elsewhere and are in line with Scottish Government policy. The sector is embarking on a post Covid-19 recovery period, and as part of that journey this will involve a change in the way colleges interact with their stakeholders through the continued use of digital technology.

The college sector is seeking this investment for the college sector to deliver the following key areas:

- Innovation and research – to strengthen the role that colleges play in regional economies, following the successful utilisation of the previous College Innovation Fund and demonstration of what colleges can deliver. To see greater investment in innovation for colleges for the benefit of the economy.
- Voluntary severance – to support restructuring and redevelopment of college staff. Without specific funding for this element, then deeper and more drastic job cuts will be required to allow colleges to present balanced budgets.
- Income adjustments – colleges have seen a reduction in their income, for example, through loss of commercially generated resource, and this fund would allow change in the sector and support colleges.
- Delivery of the Fair Work and National Bargaining agendas – to support Colleges Scotland Employers' Association as an enabler to deliver the required workforce of the future, including funding for the support of the Employment Services Team within Colleges Scotland.

To position and equip the college sector, we are seeking investment of **£25m per annum** (adjusted for inflation) for the colleges from the Transformation Investment Fund.



9. Delivering Success through Capital Investment

Infrastructure Investment

The college sector has a vital role to play in supporting the Scottish Government's Infrastructure Investment Plan. In each of the three themes (enabling net zero emissions and environmental sustainability; driving inclusive economic growth; and building resilient and sustainable places) the college sector is a leading partner in delivery and in enabling future sustainable successes as a core part of Scotland's public sector.

Colleges are large users of infrastructure, in terms of the college learning estate, and the digital infrastructure underpinning wider learning on digital and virtual platforms, and within communities for travel, supply chains and as anchor institutions in communities for housing, retail and services. Equally, colleges are key delivery partners for the workforce who construct and maintain infrastructure across Scotland, delivering high-quality technical education courses to provide workers with the skills that are required for them to hold successful careers in infrastructure related roles.

During 2021, experts and decision makers within the college sector have come together to unpack what future infrastructure design should look like. There is a need for significant strategic investment to meet the infrastructure requirements of the college sector, to maintain college estates at 'wind and watertight' standards, to future proof to existing estates so as to safeguard their future viability, and to plan for the future for Scotland's colleges to ensure they will meet the needs of students, communities and the economy.

Investment will support colleges to reduce emissions by 2045 in their capacity as public sector bodies, under the terms of The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019. In fact, without investment it is difficult to see how colleges can make substantial change at the pace required.

Smart strategic investment would also enable colleges to meet regional economic needs to a greater extent, with the connection between college sector infrastructure development and their role in supporting skills development being made clear, given the continued need for campuses in communities.

The ask of the college sector is:

- Ensure the strategic approach to infrastructure investment incorporates estates, digital, and actions required in regard to the Net Zero agenda.
- That alternative funding vehicles are explored to deliver the required investment in the college sector, including in low carbon infrastructure projects.
- A commitment to fund the backlog maintenance for estates requirement of £225m over the next five years for estates, at a rate of £45m per annum.
- Lifecycle maintenance for estates of £22m per annum.
- Commitment to the investment identified by the SFC college sector medium term infrastructure plan.
- Digital Lifecycle maintenance investment fund of £25m per annum.

Backlog Maintenance

Concerns have been expressed across the college sector that current infrastructure is not fit for purpose and is hindering students' experience and learning opportunities:

- The Scottish Government's Learning Estates Strategy, published in September 2019, has itself referenced that, despite the previous investments in the college sector, the SFC's review of college estate in late 2017 classified approximately one-third of the college estate as in poor condition. The figure has since fallen to around one-quarter after taking into consideration investment in the sector estate since that date.
- Audit Scotland in its Scotland's colleges 2019 report identified that current levels of Scottish Government capital funding are insufficient to address colleges' maintenance requirements, and that in 2019/20, capital funding for the sector had fallen to £47.6 million.
- The SFC published its Estate Conditions Survey in December 2017, which provided evidence for the level of backlog maintenance costs required by the college sector. The survey demonstrated that the cost to bring college buildings to Level B conditions (backlog maintenance) over a five-year period considering the resources provided to date, the balance required to complete the identified work is £225m. The ask of Scottish Government is to provide the remainder of the identified amount over a further period of five years, at a rate of £45m per annum.

Lifecycle Maintenance

Lifecycle costs are required across the college sector estate in order to ensure that assets are adequately maintained and therefore continue to provide a good learning environment and protect the investment made. The college sector is seeking an adequate and sustainable level of funding for life cycle costs. The SFC undertook work to provide a more robust evidence base for such costs. This work demonstrated that the annual lifecycle resource required was £22m for the college sector. This estimate would ensure that there is no further deterioration in the teaching and learning environment and avoid increasing the level of backlog maintenance required.

Digital Lifecycle Replacement

On the evidence of costs to move to online provision and an estimate of the recurring annual costs of maintaining existing provision (from the annual ICT equipment purchase through the APUC call off contract), the sector ask to cover Digital Lifecycle maintenance is **£25m per annum**.

Major Infrastructure Projects – Short to Medium Term

Whilst this Spending Review submission principally details the financial requirements of the college sector for 2022/23, the Scottish Government should be aware of the short to medium term, and pressing, need for four initial major campus refurbishment / replacement projects due to aging and failing buildings to make them fit for purpose for 21st century education, with typical values of between **£100m** and **£125m** each.

Colleges Scotland will take these asks forward through the routes set out above.

10. Conclusion

Benefits of Funding

The funding sought in this Spending Review submission will provide the necessary flexibility, so that colleges can continue to adapt to the needs of their region at a time of significant economic and social upheaval and provide learning opportunities to sustain a pipeline of educated and skilled people who will be critical to our recovery and to upskill the existing workforce.

It will assist colleges, which are a public asset, to mitigate the risk of reduced educational attainment and ensure that students whose studies were disrupted in the last academic years can complete their studies, build their skills and achieve their qualifications.

A sustainable and secure college sector will also contribute towards delivery of the outcomes in the National Performance Framework and the Scottish Government priorities around areas such as:

- Globally competitive
- Contribution to society through education and skills
- Equipping learners to be entrepreneurs to ensure thriving and innovative businesses are created and sustained
- Releasing people into their full potential
- Tackling poverty by providing opportunities for all
- Supporting Health and Wellbeing.

Sustainability

This year's budget is also vital to Scotland's colleges to ensure their sustainability. The college sector was facing significant financial challenges before the Covid-19, which have been exacerbated by the consequences of the pandemic.

Spending Review Investment Requirement

Colleges are the most effective way to stop the medium-term problems as a consequence of Covid-19. An investment of **£124.8m additional revenue funding** and **£92.0m capital funding** into the college sector for 2022/23 will help mitigate the long-term impacts and contribute to a strong base for Scotland and its people. This will provide the skilled workforce for the future and support jobs, as well as to assist in delivering equalities and health and wellbeing.

Signed by the Colleges Scotland Board, November 2021:

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