

**Tuesday 4 June 2019**

## **Audit Scotland Report Confirms Colleges are Facing Financial Challenges**

Audit Scotland's *Scotland's Colleges 2019* report highlights the challenging financial position facing the sector and outlines that 12 colleges are forecasting financial deficits by 2022-23.

The report confirms that the Scottish Government is increasing revenue investment in colleges but that it is being used to cover additional costs from harmonising pay, terms and conditions across the sector and highlights that there is currently insufficient capital funding in the sector.

*Scotland's Colleges 2019* also underlines the essential role colleges are undertaking by widening access to disabled, ethnic minority and care-experienced students.

Commenting on the report, Shona Struthers, Chief Executive of Colleges Scotland, said:

"*Scotland's Colleges 2019* confirms that colleges continue to operate in narrow financial margins and face significant challenges. The underlying financial position of many colleges is concerning, as almost half of the 26 colleges are forecasting recurring financial deficits by 2022-23.

"The report also highlights that there is currently insufficient capital investment to properly address the needs of the sector, so it is critical that the upcoming Comprehensive Spending Review delivers on revenue and capital investment for college learners by safeguarding the sector which trains, qualifies, and upskills the workers and supports inclusive economic growth.

"The Scottish Government is increasing revenue investment in colleges, which we welcome, but this additional funding is being used to cover the growing costs from harmonising pay, terms and conditions across the sector. EIS-FELA members currently being balloted on whether to accept the deal being offered by colleges should recognise that all that additional money is coming from colleges making cuts elsewhere.

"It is also clear from this report that colleges' ability to generate alternative funding, such as through commercial income, remains limited, therefore, the sector would welcome greater flexibility to help in this area.

"This report also highlights that student numbers are increasing and the sector continues to meet its learning activity targets. In further encouraging news, the report outlines the vital role colleges play in widening access as the number of disabled, ethnic minority, and care-experienced students is increasing.

"Colleges will continue to work closely with the Scottish Government and Scottish Funding Council to provide sufficient sustainable investment which will enable colleges to continue delivering benefits for students, communities, and the economy."

**ENDS**

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**Notes:**

A copy of the report can be found at <https://www.audit-scotland.gov.uk/news/colleges-financial-challenges-increase>