

Sue Webber
Convener
Education and Skills Committee
The Scottish Parliament
Edinburgh
EH99 1SP

12 June 2023

Dear Sue,

Thank you for your report of 21 March 2023 following the Committee's Inquiry into College Regionalisation.

I very much welcome the report and recognise evidence for this inquiry was given on behalf of the Scottish Government by the Minister for Further Education, Higher Education, Youth Employment and Skills on 2 November 2022.

I recognise the report provides an important summation of issues that the sector now faces. I have responded to the key recommendations for the Scottish Government. The Minister for Higher Education, Further Education, and Veterans will be able to respond more comprehensively on any aspect of the recommendations during the planned Parliamentary debate on 13 June.

The Scottish Funding Council will be providing a separate response to the recommendations which been raised for them to take forward. I expect other stakeholders named in this report will respond to recommendations directed toward them.

I hope you find this response helpful.

Your sincerely,

Jenny Gilruth

Constraints on Success (Purpose & Principles) (Paragraph 47)

The Purpose and Principles is about creating a framework to deliver better social and economic outcomes for the investment that we currently make in post-school education, research and skills. It is the start of a period of wider reform required to ensure that our post-school education, research and skills system is fit for the future.

This work presents a bold and exciting opportunity to align a whole system behind a shared purpose and set of principles. As part of this we will set out clearly defined roles and expectations of different parts of the system.

Skills (Paragraphs 91-94)

In March 2022, Scottish Government (SG), Skills Development Scotland (SDS) and Scottish Funding Council (SFC) collectively published the Shared Outcomes Framework (SOF) which is the means by which SDS and SFC will monitor and report on the collaborative projects that contribute to overarching skills outcomes.

The framework also sets out in one shared document how the SG, SFC and SDS are working together on skills planning. The actions outlined in this framework also contribute to delivery of the outcomes in the National Performance Framework and to the delivery of the National Strategy for Economic Transformation (NSET).

The Shared Outcomes Assurance Group (SOAG) was established in January 2022 to provide collective and collaborative leadership and assurance across the skills outcomes projects on which SG, SFC and SDS were collaborating.

SG published the final report on the Independent Review of the Skills Delivery Landscape on 7 June. The report sets out fifteen recommendations which would amount to significant reform of the delivery landscape for post-school education and skills.

Careers advice (Paragraph 113)

SG accepted the 10 recommendations and the associated next steps to successfully deliver the ambitions of the Career Review. The Review builds upon our current Careers Strategy's vision which is for a world-class, professionally-led, aligned and flexible system of career information, advice and guidance services which delivers for every citizen, regardless of where they live in Scotland, their age or circumstance.

The James Withers Review also highlights the need for a comprehensive and holistic careers service which SG will consider alongside the wider case for reform which is set out through the report.

Regional strategic boards (Paragraph 149)

SG is now considering options on the governance in the Glasgow college region, following the SFC's options appraisal exercise and advice. Any decision on the way forward will be subject to a 12 week public consultation to gather views of stakeholders and ensure that any decision is evidence-based and centred on the need to ensure the continued effective and efficient delivery of education and skills for the region.

SG is awaiting advice on options from the SFC before adopting any governance changes in the Lanarkshire region.

Mental health support (Paragraphs 223&224)

Since 2019/20 institutions have been supported to introduce more than 80 extra counsellors to help their students. Total investment over the four years of the commitment (AY 2019/20 to AY 2022/23) has been in excess of £15.5m.

Widening access (Paragraph 257)

The Access Data Short-life Working Group was formed in February 2023 to explore additional individual-level data sources. The group includes representation from colleges and universities, as well as the SFC, US and CS. The data sources of particular interest are Free School Meals and Scottish Child Payment data. The group is expected to provide recommendations to the Access Delivery Group and Ministers in September 2023.

Data (Paragraph 296)

Data from Scottish colleges covering Successful Completions and Destinations are collected and published as National and Official Statistics by the SFC. Under the Code of Practice for Statistics, publications undergo systematic and periodic reviews on the strengths and limitations of the data.

SFC has initiated collection of students' reasons for withdrawal from colleges and will be working with Colleges Scotland and College Development Network to improve the capture of student withdrawal data in future years to enable publication.

Financial Sustainability (Paragraphs 339 – 344)

We currently face the most difficult public spending environment since devolution, however, we are committed to supporting colleges to deliver an offering to learners that is rooted in a robust understanding of local, regional and national priorities. We understand the need for flexibility in the college sector's funding from academic year 2023/24.

In respect of fairer distribution, the SFC has introduced a number of new flexibilities for colleges for 2023/24, including changes to guidance which will enable colleges to deliver the optimal balance of full-time and part-time provision. Lower minimum activity thresholds (credit targets) have been set for funded allocations as a first step in working with colleges to move towards allocations that more closely reflect anticipated student activity. In addition, to recognise semi-fixed costs, a proportion of SFC's funding will not be directly related to the delivery of teaching activity and will therefore not be at risk of recovery (claw back) where minimum thresholds are not met, which was previously the case. Taken together, these changes signal a more dynamic approach to funding that enables colleges to deliver activity that is right for their region and mission, and responds positively to the asks from the sector for greater financial flexibility.

SFC has committed to working with the sector to consider the differences in funding between the college and university sectors, while recognising that the difference in funding per FTE reflects the different costs of provision across tertiary education. SFC has increased the cost per credit for 2023/24 and, in recognition of fixed costs, also decoupled a portion of funding from credit activity which is a positive step for the college sector.

The Purpose and Principles work provides space and flexibility to cooperatively discuss how to respond to the changing environment, and we will have discussions with all stakeholders to develop a plan for the sector ensuring the delivery of sustainable funding and maintaining the high standards of teaching and research.

ONS Classification and Flexibility (Paragraphs 365 & 366)

As referenced above, SFC has introduced a number of new flexibilities for colleges for AY 2023/24, including changes to guidance which will enable colleges to deliver the optimal balance of full-time and part-time provision.

We have noted the position in England has changed where English colleges have been reclassified by ONS as public bodies, and DfE has advised that colleges in England will continue to access a range of financial flexibilities including rolling funds over multiple years. SFC is engaging with counterparts in England to learn more about how this transition will be managed and will work closely with SG to explore the reality of these flexibilities and how they might be applied in Scotland.

College Estate (Paragraph 384)

Capital funding for colleges was increased in the SG FY 23/24 budget. SFC has allocated funds for capital maintenance at the same level as FY 22/23. It has provided greater flexibility for colleges on this element of funding by combining backlog and lifecycle maintenance allocations into one capital funding allocation. SFC has targeted the £4.7m increase (compared to FY 22/23) to support the highest priority emergency and health and safety needs for estates maintenance across the sector throughout 23/24, including known and emerging health and safety issues. High priority maintenance need across the college sector is expected to exceed the £4.7m budget by some margin.

SFC's College Infrastructure Strategy: The Approach to Delivering Scotland's College Infrastructure, published in November 2022, with the Infrastructure Investment Plan being progressed by SFC in partnership with the college sector. SG officials will be discussing timescales with SFC shortly with a view to bringing this work forward as soon as possible.

Industrial Relations (Paragraphs 398-400)

In light of industrial action in recent years, SG undertook a lessons learned exercise to identify factors that have led to disputes. SG endorses the recommendations made in the report, as was made clear by my predecessor's letter to the Committee on 27 October 2022, and I am grateful to both the employers and trade unions for taking part in this exercise and working collaboratively to find solutions that work for all parties.