

Dear Chairs and Principals (copied to Board Secretaries, PAs and Comms),

In preparation for the Stage 1 Budget debate later this week, Colleges Scotland has today written to all MSPs (see attached) and distributed the below news release, embargoed until 0001 on Tuesday, 25 January 2022.

In discussions with your own locally elected Members of the Scottish Parliament and local media you may wish to refer to these comments from the Colleges Scotland Chair, Ken Milroy, and the breakdown of the potential national cuts noted in the letter to MSPs. Colleges Scotland and Universities Scotland have written jointly to both the Education, Children and Young People Committee and the Finance and Public Administration Committee in the past few weeks around our concerns, and have had a number of Ministerial and political meetings.

Please get in touch if you would like any further information.

Best wishes,

Jenifer

Embargoed until 0001 on Tuesday, 25 January 2022

Looming Skills Emergency due to Loss of College Funding

Ahead of the Stage 1 Budget Debate in the Scottish Parliament this week, Scotland's colleges are warning of a looming skills emergency if a cut equivalent to £51.9 million in sector funding goes ahead.

The Draft Budget would mean colleges losing £23.9 million because of inflation, with an additional £28 million removed because of the loss of Covid-19 funding previously received. This has provided much needed support for deferred students, Foundation Apprenticeships, mental health and wellbeing initiatives, and vital digital equipment for students.

Ken Milroy MBE, Chair of Colleges Scotland, said:

"This is a real emergency for colleges coming after years of underinvestment. Regarding the sector, the debate on Thursday should focus on the perilous choices some colleges will now have to make, and on the significant challenge this Draft Budget poses for the next academic year.

"The total funding loss of £51.9 million means, for example, freezing recruitment, outsourcing support activities, possible changes to temporary contracts, increasing class sizes and consolidating classes. All of these would be a last resort, however after years of under investment this Budget leaves no more space to manoeuvre in. Unless there are improvements to the Budget, noticeable changes to colleges are inevitable.

"We believe this risks Scotland sliding into a skills emergency. Even in the midst of a pandemic colleges have provided world class education and training to hundreds of thousands of students. But in order to continue there has to be investment based in reality. Scotland's recovery depends on creating year after year a workforce that is qualified and able – but with the proposed Budget settlement, colleges will be challenged in ways not seen for many years."

The forecast cut is calculated without even bringing increased pay and rising energy costs into account. Colleges were already facing a series of cost pressures prior to the impact of Covid-19, including pay awards, employers' pension contributions, changes in National Insurance costs, maintaining the college estate, and the UK's exit from the European Union.

Last week, Audit Scotland reported that the lack of leadership around Scotland's skills agenda is harming economic objectives. Mr Milroy added: "The great irony around leadership in the skills sector is that colleges locally and regionally already deliver exceptional results in training, upskilling and reskilling people for what their local economies need. More investment in colleges would bring even better outcomes."

ENDS

Notes to Editor:

In December 2021, the Cabinet Secretary for Finance and the Economy announced that colleges would receive £675.7m in Revenue, plus £74.7m for Capital.

For further information, please contact:

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Monday, 24 January 2022

Ref: SS / JJ
Direct: 07736 885 497

Dear Member of the Scottish Parliament,

Stage 1 Debate: Scottish Budget 2022-23 – College Funding

Ahead of the Stage 1 Budget Debate in the Scottish Parliament this week we are writing to you to highlight the reduction in funding equivalent to **£51.9million** to colleges, due to inflationary pressures (**£23.9m**) and the loss of Covid-19 consequential funding (**£28.0m**) previously received. The view of Colleges Scotland is that this decrease in funding risks the creation of a future skills emergency.

In December 2021, the Cabinet Secretary for Finance and the Economy announced that colleges would receive £675.7m in Revenue, plus £74.7m for Capital. Although this is described as a flat cash position, the current Draft Budget **means a real-terms cut to the core budget of £23.9m** for colleges in academic year 2022/23 because of inflation.

This position is calculated without bringing increased pay and rising energy costs into account.

Colleges were already facing a series of cost pressures prior to the impact of Covid-19, including pay awards, employers' pension contributions, changes in National Insurance costs, maintaining the college estate, and the UK's exit from the European Union. As part of a pattern of lack of investment, colleges now have no space to manoeuvre in terms of how their budgets are used.

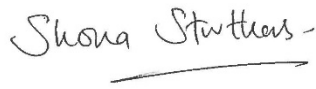
Secondly, for 2021/22 colleges received Covid-19 consequential funding to support deferred students, Foundation Apprenticeships, mental health and wellbeing initiatives, and the provision of digital equipment for students. **This funding will be removed for 2022/23, leaving colleges with a further reduction of £28m on its baseline budget compared to academic year 2021/22.** Colleges Scotland is extremely concerned about the loss of funding for student wellbeing measures as we know our students have been badly impacted by the pandemic, and every college in Scotland wants to support students as much as possible.

If the Draft Budget remains as is, colleges are likely to attempt to address this reduction in core funding in a variety of ways, including freezing recruitment, outsourcing of support activities, possible changes to temporary contracts, increasing class sizes and consolidating classes. All of these would be a last resort, however after years of under investment there is no more space to manoeuvre in. Unless there are improvements to the Budget, noticeable changes to colleges are inevitable.

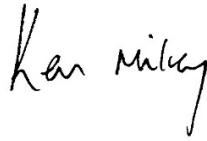
We have to make you aware that senior college leaders are now sure this financial position creates a skills emergency as colleges will be increasingly challenged in providing the world class education and skills training that our students deserve and that our economy needs. Colleges have always and will continue to support the most vulnerable and challenged students in Scotland, with a high proportion of our students coming to college in poverty, and we feel we must do everything we can to continue that support. As civic anchors in our communities, colleges also have an increasing role in tackling the climate emergency and should be funded in such a way as to guarantee their success, and stability as part of the public sector.

You are as always invited to speak to your local college about their own local funding situation which will arise from the Draft Budget and they would be very happy to do so, or to speak to Colleges Scotland as the Draft Budget makes its way through the legislative process.

Yours sincerely,

A handwritten signature in black ink that reads "Shona Struthers" with a horizontal line underneath.

Shona Struthers
Chief Executive

A handwritten signature in black ink that reads "Ken Milroy" in a cursive style.

Ken Milroy MBE
Chair