Item 19
For Noting

Glasgow Kelvin College

Board of Management Meeting of 29 August 2022

Auditor General's Report – Scotland's Colleges 2022

Report by Vice Principal Operations

1. Introduction

The purpose of this report is to present the Audit General's report on Scotland's Colleges 2022 to the Board for noting. The report was released on 7 July 2022 and is attached at **Appendix 1**.

2. Key Messages

The report highlights the significant challenges facing the Further Education Sector. It notes the three key messages below.

- While Scotland's colleges responded well to Covid-19, changes are needed to ensure they are financially sustainable in the long term and more students graduate.
- Covid-19 funding contributed to a better-than-expected end of year operating position for the sector in 2020-21. However, colleges' finances are forecast to deteriorate.
- Colleges responded well to the shift to online learning during the pandemic, but the proportion of students successfully completing their course has fallen. On average, socially disadvantaged and vulnerable students are less likely to successfully complete their course than their peers.

The Report also notes that wide-ranging recommendations to improve the college sector were made by the Scottish Funding Council (SFC) in 2021, including multi-year funding assumptions. These were broadly accepted by the Scottish Government, which is due to set out the future role of the college and university sectors in 2023. In the meantime, it is important that the government and the SFC support colleges to plan for change.

Stephen Boyle, Auditor General for Scotland, said:

> "The challenging financial situation facing colleges will make it difficult for the sector to balance the delivery of high-quality courses and Scottish Government priorities.
>
> "Changes are needed to ensure the sector is financially sustainable in the long-term and more students successfully complete their courses.

"Colleges need support to plan for those changes, and the Scottish Government needs to work with the SFC to put its plan into action at the earliest opportunity."

3. Report Highlights

In addition to the three key messages, the report highlights the detrimental impact of the pandemic on learning and student outcomes.

i) The proportion of students withdrawing from courses in 2019-20 was around one in five fulltime further education students (20.8 per cent). By 2020-21 this had increased to 27.7 per cent.

ii) Fewer college leavers went onto work, training or further study in 2019-20 – 84.4% compared to 87.8 per cent in 2018-19.

iii) College sector funding for the upcoming academic year 2022-23 has fallen, down five percent to £696 million compared to 2021-22. In real terms, this is a fall of nine percent, to £654 million. Reductions in funding are exacerbated by inflationary pressures and rising costs, putting further stresses on college finances.

iv) The Scottish Government and the SFC are starting to take forward the recommendations in the SFC review of further and higher education and research across Scotland. They have prioritised a range of work, including setting out a longer-term vision and intent for the college, university, skills and research system (known as the 'purpose and principles'). Another priority is a new National Impact Framework, which is intended to clarify the outcomes expected from colleges and universities and how they will be assessed.

4. Media Response to the Report

The key messages and report highlights, contained in this cover paper, were released to the media by Colleges Scotland.

An example of how this was interpreted in the media in relation to staffing and job losses is presented below.

- Scotland's further education (FE) sector is facing the threat of significant job losses amid falls in funding and soaring student drop-out rates.

- Public spending watchdog Audit Scotland has warned that around half of incorporated colleges are considering or are likely to consider cutting staff numbers as they attempt to deliver savings.

- In a new report, it also says workforce reductions will heighten the risk of fresh industrial action after campuses were recently hit by strikes over pay.

A spokeswoman for representative body Colleges Scotland said:

> "The report highlights many of the challenges facing Scotland's colleges, particularly a financial squeeze in the next few years which will make it difficult to continue to deliver the same volume of learning as in previous years, as well as the need for greater capital investment.
>
> "However, the sector has proven itself incredibly adaptive and resilient in recent times and will continue to do everything possible to provide the lifelong learning opportunities our students demand and deserve."
>
> She added: "More than 200,000 students take advantage of the outstanding teaching and delivery of skills provided by colleges every year. It is, therefore, encouraging that the report has also called on the Scottish Funding Council and Scottish Government to provide support for colleges to plan for change within the new financial constraints to help us continue to provide access to world-class learning."

Jamie Hepburn, further education minister, said:

> "The Scottish Government is investing nearly £2 billion in Scotland's colleges and universities in 2022/23. We will continue to work with the Scottish Funding Council, and our colleges, to ensure funding continues to enable them to deliver high-quality education and training"

4. Resource Implications

This report clearly highlights the massive financial pressures on the college sector and the need for fundamental change to resolve these.

5. Equalities

No adverse impacts on individuals with protected characteristics have been identified as a consequence of this report.

6. Risk and Assurance

The main risk associated with this paper is that the Scottish Government and the Scottish Funding Council do not implement the changes needed to allow the college sector to become financially sustainable.

7. Data Protection

There are no data protection implications arising as a consequence of this paper.

8. Recommendations

It is recommended that members note the contents of this paper.

9. Further Information

Further information can be obtained from Jeanette Evans, Vice Principal Operations jevans@glasgowkelvin.ac.uk

Jeanette Evans
Glasgow Kelvin College
August 2022

Appendix 1

Scotland's colleges 2022

AUDITOR GENERAL

Prepared by Audit Scotland
July 2022

Key messages

1. Covid-19 funding contributed to the college sector reporting a healthier than expected financial position in 2020-21. This is forecast to change for the current and next academic years. It will be difficult for Scotland's colleges to balance the delivery of high-quality learning at the volume currently expected and to contribute to other Scottish Government priorities while remaining financially sustainable.

2. Colleges have continued to deliver learning in unprecedented circumstances and responded well to the shift to online learning during the Covid-19 pandemic. However, the proportion of students successfully completing their course and achieving their intended qualification has fallen. And on average, socially disadvantaged and vulnerable students were less likely to successfully complete their course than their peers. High rates of student withdrawals may affect the life chances of individual students, impact on wider society, and risk not maximising public investment in the college sector.

3. Change is needed to ensure more students are successful and that the college sector is financially sustainable in the long term. Wide-ranging recommendations for change made by the Scottish Funding Council (SFC) in 2021 need to be implemented at the earliest opportunity. The Scottish Government is due to set out the future role of the college and university sectors in 2023, but it is important that the Scottish Government and the SFC support colleges to plan for change now to make best use of available funding.

Scotland's colleges

Scotland has 27 colleges across 13 regions

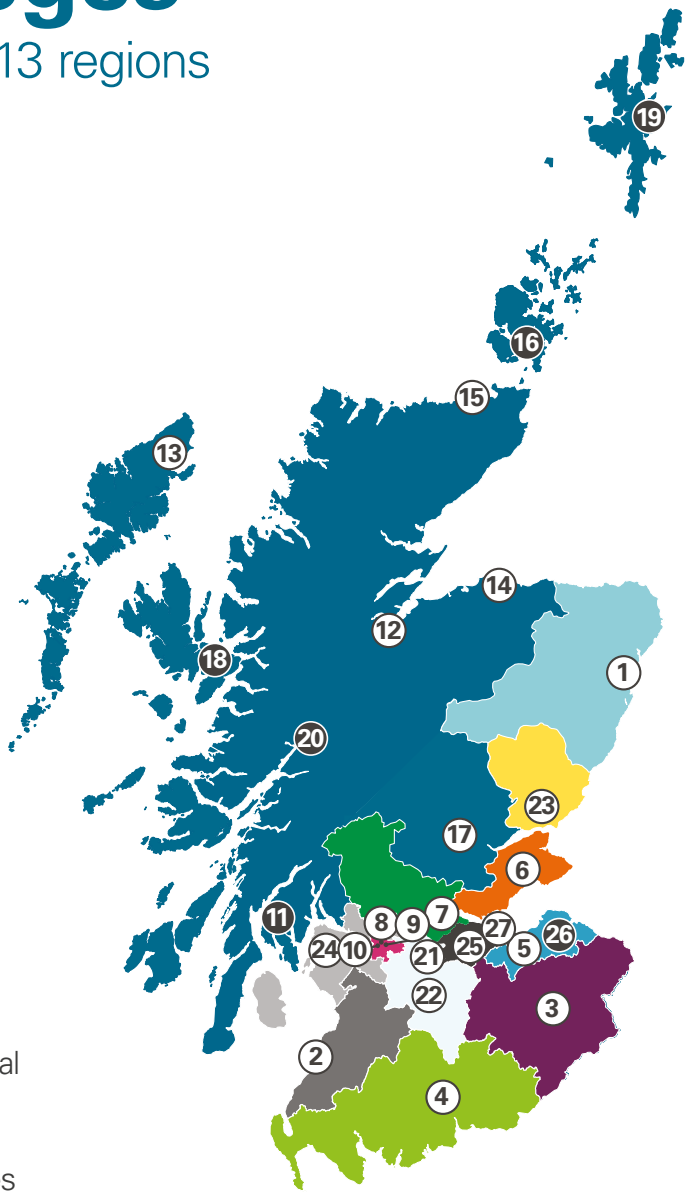
The map shows Scotland's 20 incorporated colleges and six smaller, non-incorporated colleges (in bold). Scotland's Rural College (SRUC) is classed as a higher education institution but counts towards the achievement of the national target for colleges.

Incorporated colleges are classified as public bodies and are subject to audit by the Auditor General for Scotland.

Scotland's colleges offer academic and vocational courses to develop skills and knowledge for work, continued study or general interest. Students can choose to study full-time, day release, evening, block release or on an open learning basis.

Colleges provide both further education (FE) courses – qualifications at Scottish Credit and Qualifications Framework level 6 and below – and higher education (HE) courses, including Higher National Certificates and Higher National Diplomas.

The Scottish Government sets national policies for learning and provides funding to the Scottish Funding Council (SFC), which is responsible for strategic investment in colleges and universities. The SFC allocates grant funding to college regions and individual colleges not part of a region, and holds them to account for what they deliver. Figures in this report relate to all 27 colleges. Data for the individual colleges is available on Audit Scotland's learner journey eHub.



Region	College	
Aberdeen and Aberdeenshire	1	North East Scotland College
Ayrshire	2	Ayrshire College
Borders	3	Borders College
Dumfries and Galloway	4	Dumfries & Galloway College
Edinburgh and Lothians	5	Edinburgh College
Fife	6	Fife College
Central	7	Forth Valley College
Glasgow	8	City of Glasgow College
	9	Glasgow Clyde College
	10	Glasgow Kelvin College
Highlands and Islands	**11**	**Argyll College**
	12	Inverness College
	13	Lews Castle College
	14	Moray College
	15	North Highland College
	16	**Orkney College**
	17	Perth College
	18	**Sabhal Mòr Ostaig**
	19	**Shetland College**
	20	**West Highland College**
Lanarkshire	21	New College Lanarkshire
	22	South Lanarkshire College
Tayside	23	Dundee and Angus College
West	24	West College Scotland
West Lothian	25	West Lothian College
n/a	**26**	**Newbattle Abbey College**
n/a	27	SRUC

Covid-19 funding contributed to a healthier than expected financial position in 2020-21

This is forecast to deteriorate in the current and next academic years, meaning colleges face difficult decisions to ensure they remain financially sustainable

Income 2020-21
£792 million

2.3% increase from 2019-20
Real terms: No change

Expenditure 2020-21
£840 million

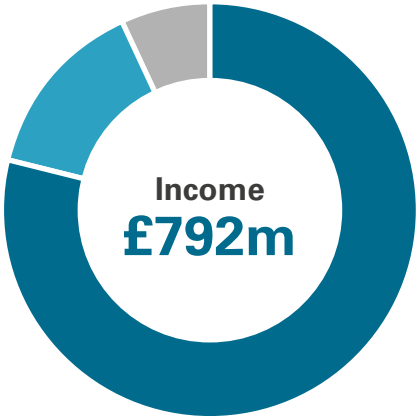
1.4% increase from 2019-20
Real terms: 0.9% decrease

Operating position 2020-21
£47 million deficit

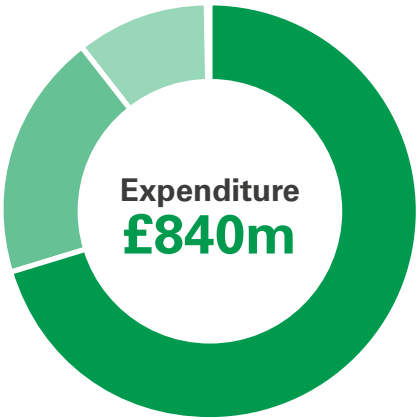
£7m decrease from 2019-20

Adjusted operating position 2020-21
£20 million surplus

£16m increase from 2019-20
Three colleges reported an adjusted operating (AOP) deficit in 2020-21. 12 colleges are forecasting AOP deficits in both 2021-22 and 2022-23, reducing to nine colleges in 2023-24.



Income 2020-21	
SFC grants	79%
Tuition fees/ education contracts	14%
Other income	7%



Expenditure 2020-21	
Staff costs	71%
Other operating expenses	19%
Depreciation/ interest	10%

Source: College annual accounts, 2020-21 and Financial sustainability of colleges and universities in Scotland, SFC, March 2022

Scotland's colleges are increasingly reliant on public funding

1. In 2020-21, the Scottish Funding Council (SFC) provided the college sector with an additional £15 million Covid-related grant. As colleges are not wholly publicly funded, they were eligible to apply for the UK Government's Coronavirus Job Retention Scheme (CJRS). They received £9.9 million of CJRS funding in 2020-21. This resulted in a healthier than expected financial position in 2020-21 and reversed the trend of a growing operating deficit across the sector.

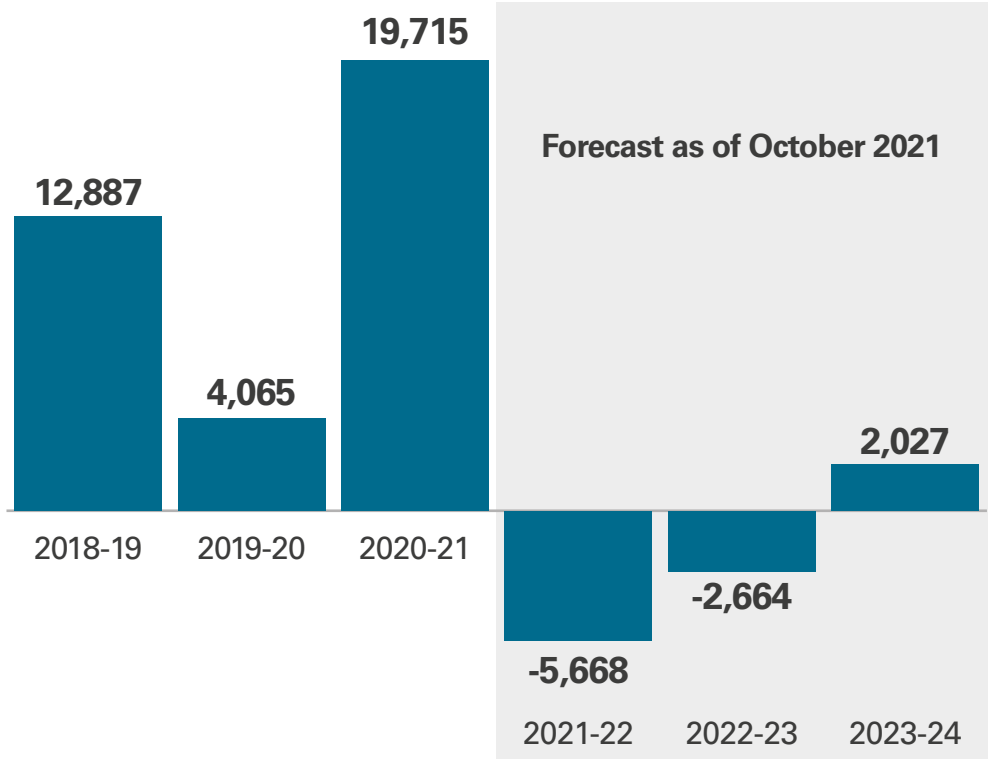
2. In contrast to colleges' increased grant funding, other income fell by £9.5 million/14 per cent (£11 million/16 per cent in real terms) mainly due to the loss of commercial income. As a result, incorporated colleges are increasingly reliant on SFC grants. In 2020-21, 79 per cent of colleges' income was from SFC grants, compared to just under 75 per cent in 2017-18.

3. As public bodies, incorporated colleges are not permitted to retain reserves. At college reorganisation in April 2014, they transferred any reserves to charitable arm's length foundations (ALFs). Colleges can apply to ALFs for funding for capital and revenue projects and can transfer any surplus to an ALF. Over time ALFs have become a reducing source of income, with most colleges having little or no access to ALF funding. In 2020-21, almost £19 million was held across 14 ALFs. Almost 90 per cent of this was concentrated in five ALFs and almost two-thirds (£12 million) within ALFs of the three Glasgow colleges.

Colleges' financial position is forecast to deteriorate

4. Despite the relatively positive picture for 2020-21, the sector's financial position is forecast to deteriorate. Colleges' latest financial forecasts, from October 2021, predict an adjusted operating deficit for the whole sector in the current and next academic years (Exhibit 1).

Exhibit 1.
Adjusted operating position, 2018-19 to 2023-24 (£000)



Source: Financial sustainability of colleges and universities in Scotland, SFC, March 2022

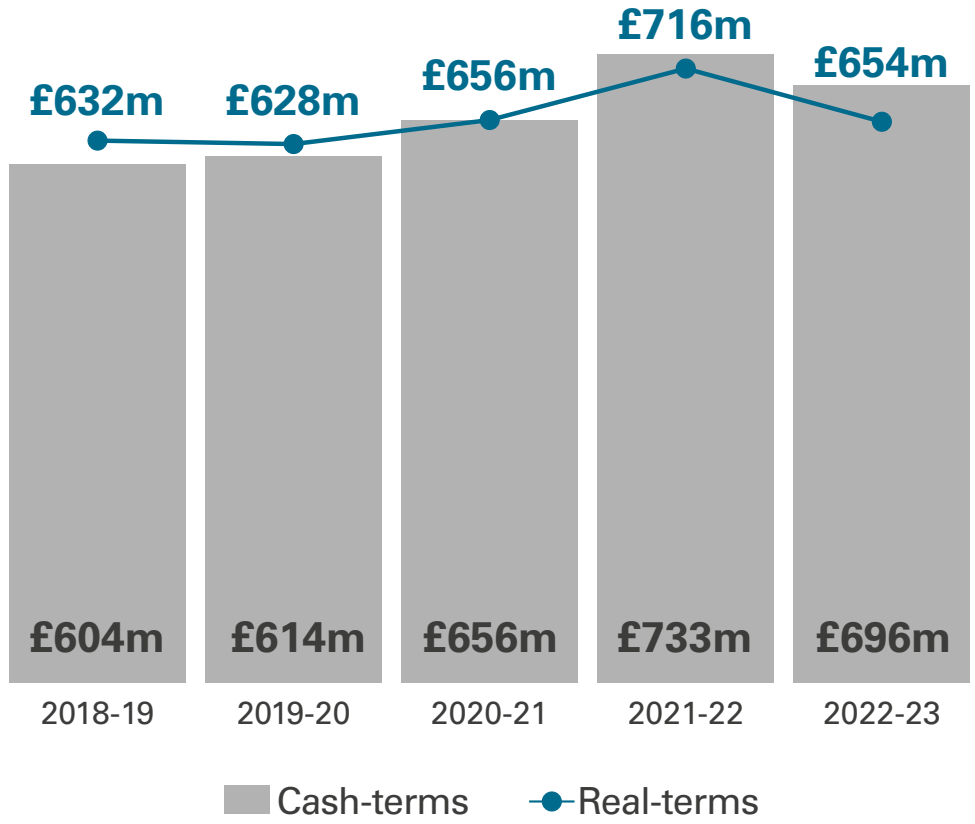
5. College sector funding for the upcoming academic year 2022-23 has fallen considerably, down five per cent to £696 million compared with the current academic year (a fall of nine per cent to £654 million in real terms) (Exhibit 2). Reductions in funding are exacerbated by inflationary pressures and rising costs, putting further stresses on college finances. Colleges spend around 70 per cent of their overall budget on staffing and this is increasing, with increases in employer pension contributions and cost of living pay awards driving up staff costs.

Colleges face difficult decisions to achieve financial sustainability

6. Colleges face a challenge in balancing the delivery of high-quality learning at the volume currently expected with the financial decisions required to remain financially sustainable in the longer term. To balance their budgets, incorporated colleges are striving to increase non-SFC income and reduce costs. Auditors found that around half are considering or likely to consider reducing staff in 2021-22 to deliver savings. This has potential implications for the delivery of learning, student outcomes and the experience of remaining staff. It also heightens the risk of further industrial action within the sector.

7. In the context of growing financial challenges and uncertainties, medium-term financial planning based on as much information as possible is more important than ever. In May 2022, the Scottish Government announced its multi-year spending plans up to 2026/27. This shows a flat cash settlement for the SFC over the next four years, equating to an eight per cent reduction in real terms. The multi-year plan confirms that the college sector faces some really challenging years to come.

Exhibit 2.
SFC revenue funding for colleges



Source: College funding allocations, SFC, 2018 to 2022

Staff

10,849 staff (FTE)

50.8% teaching staff | 49.2% support staff

Staff numbers fell by 132 (1.2%) in 2020-21

College Staffing Data 2020-21, SFC, March 2022

The pandemic has had a detrimental impact on learning and student outcomes

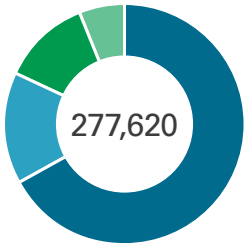
The impact has varied across different groups of students, exacerbating existing inequalities

Students

213,135 students (117,914 FTE)
who account for 277,620 enrolments on courses

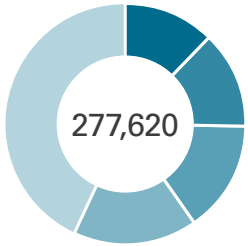
FTE student numbers remain above the Scottish Government's longstanding target of 116,269 FTE. The number of enrolments has continued to fall since peaking at 328,889 in 2018-19.

Students by type



Part-time FE	**67%**
Full-time FE	**15%**
Full-time HE	**12%**
Part-time HE	**6%**

Students by age



under 16	**12%**
16-17	**13%**
18-19	**15%**
20-24	**17%**
25 & over	**43%**

Learning

1,730,519 credits

The amount of learning delivered by the sector (measured in credits) has continued to fall since 2017-18. In 2020-21 it was 0.2% below SFC's national target.

Successful course completion

FE Students: 61.3% full-time | 76.3% part-time
HE Students: 72.1% full-time | 81.3% part-time
successfully completed their course.

Student withdrawals

Full-time students: 27.7% FE | 17.7% HE
failed to complete their courses.
Withdrawal rates increased in 2020-21 by 6.9 percentage points and 2.8 percentage points respectively from 2019-20.

Student satisfaction

Full-time students: 88.6% FE | 80.3% HE
Student satisfaction is lower than before the Covid-19 pandemic but remains relatively high.

Source: SFC's Infact database and reports: College Performance Indicators 2020-21 (April 2022); College Statistics 2020-21 (January 2022); Student Satisfaction and Engagement Survey 2020-21 (November 2021); and College Leaver Destinations 2019-20 (October 2021)

Student outcomes

Figures on students and learning are for 2020-21. In both 2019-20 and 2020-21, some, mainly practical, courses could not be completed due to Covid-19 restrictions and more students deferred their courses.

Rates for students successfully completing their course and achieving a qualification in 2020-21 do not include 13,074 full-time and part-time students who had deferred at least one of their college courses.

The SFC will revise statistics for 2020-21 in future to include the outcomes for students who have deferred their courses beyond 2020-21.

Due to alterations to exam and assessment arrangements during the Covid-19 pandemic, it is not possible to directly compare student success in 2019-20 and 2020-21 with previous years to examine a longer-term trend.

Fewer students successfully completed their course and achieved a qualification

8. Before the pandemic, around one in four full-time further education (FE) students (24.7 per cent) failed to complete their college course. The proportion of students withdrawing from courses fell in 2019-20, to around one in five full-time FE students (20.8 per cent). Withdrawal rates increased noticeably in 2020-21 (to 27.7 per cent), with fewer full-time FE students successfully completing their course and achieving their intended qualification than before the pandemic. The destination of students not successfully completing their courses is not monitored, but the pathways they take and the impact on their life chances will vary. For example, some students may leave college early to enter employment, others may decide to pursue further education elsewhere, and others may face unemployment. High rates of student withdrawals present a risk to the life chances of individual students and also to value for money, if public investment in colleges is not maximising the potential benefits for students or society more widely.

9. The reasons behind students not completing college courses will be wide and varied. Surveys by NUS Scotland and the Scottish Government of college and university students suggest that student poverty could be a contributing factor. The NUS has stated that around two-thirds of students have experienced mental ill health as a result of financial pressures and a third have considered dropping out of their course due to financial difficulties. Many colleges have highlighted that they are actively working to better support students in addressing poverty and mental health challenges (Case study 1).

Case study 1.
College support for students

Food poverty

Several colleges provide free hot breakfasts and/or lunches to students. This provides an incentive for students to attend college, ensures that no one goes through the day hungry and helps with student mental health and wellbeing.

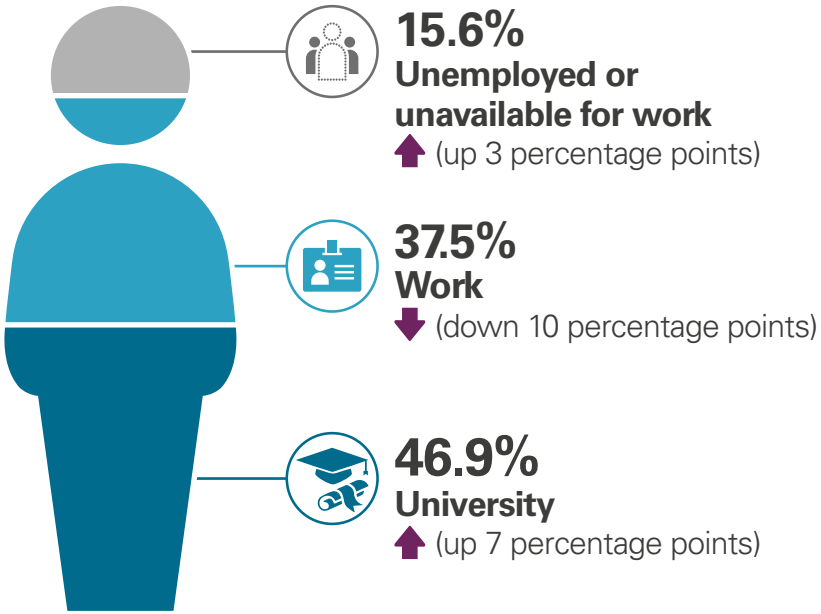
Mental health support

Most colleges introduced or expanded their mental health support for both students and staff during the Covid-19 pandemic. New developments introduced by colleges include an in-house mental health service and mental health counsellors; compulsory mental health training for managers; and specific spaces created for staff and students to allow quiet contemplation or to talk about issues affecting their mental health.

Fewer college leavers went on to a positive destination after leaving college

10. In 2019-20, 84.4 per cent of full-time college leavers went on to positive destinations (down 3.4 percentage points from 2018-19) (Exhibit 3). For FE students, 74.5 per cent moved into a positive destination, compared to 90.3 per cent of HE college leavers. Fewer college leavers went into work but more went to university.

Exhibit 3.
College leaver destinations



Source: College Leaver Destinations 2019-20, SFC, October 2021

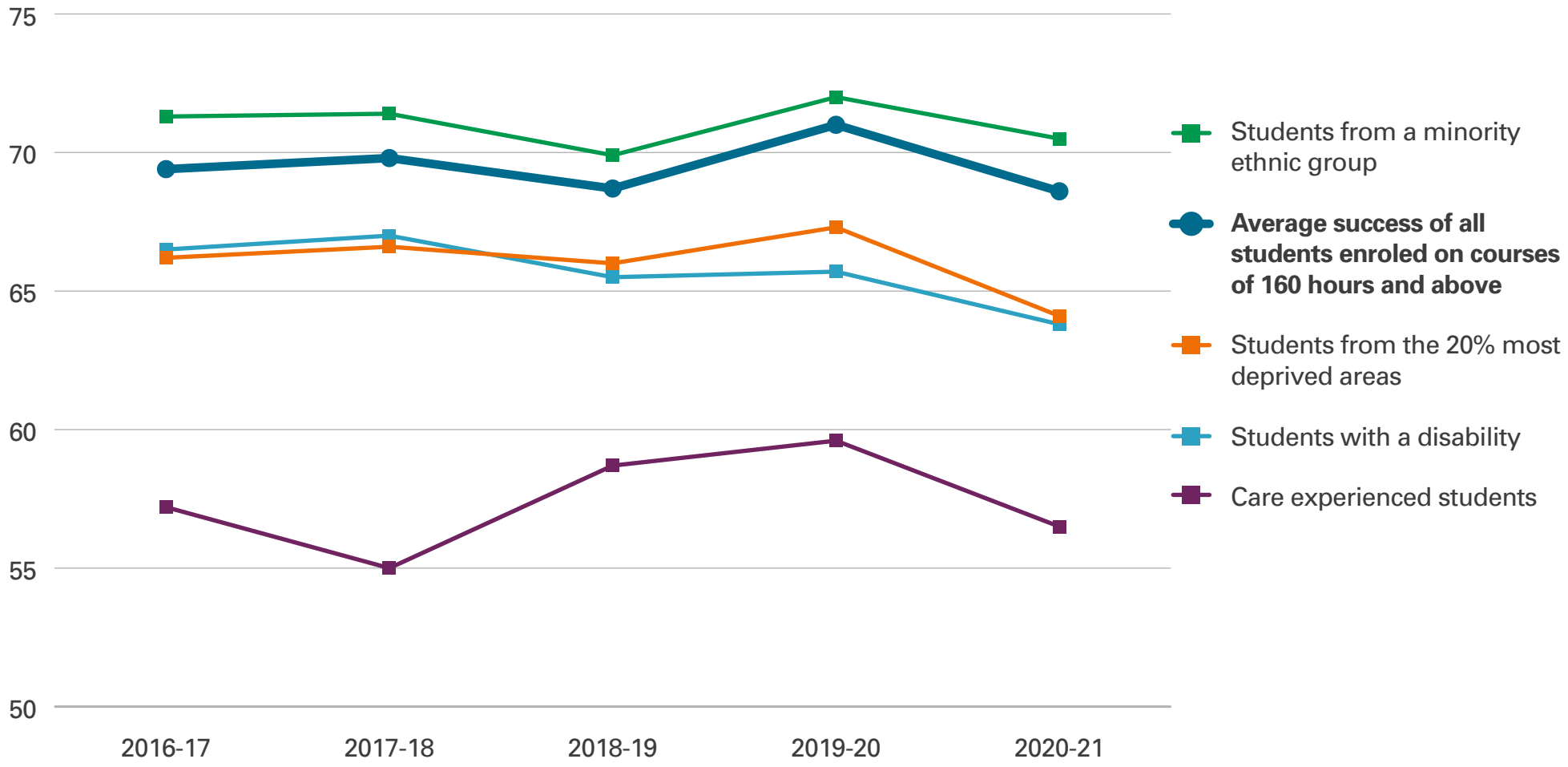
Covid exacerbated existing inequalities among students

11. On average, just over two-thirds of students (68.6 per cent) successfully completed their course in 2020-21 (Exhibit 4, page 10). In comparison, just over half (56.5 per cent) of students who have been in care, and less than two-thirds of students from the most deprived background (64.1 per cent) or with a disability (63.8 per cent) successfully completed their course. The SFC highlights that these students are also less likely to go on to a positive destination than their peers after leaving college.

12. The Commissioner for Fair Access has highlighted that students from the most deprived backgrounds have been hardest hit by the impact of the Covid-19 pandemic, experiencing digital poverty, financial hardship and worse mental health. Acknowledging that progress towards fair access continued in 2020-21, the Commissioner warned that the full impact of disrupted learning due to the pandemic may become apparent in future years and the cost-of-living crisis will affect those who are disadvantaged hardest. The Scottish Government has also reported that the disruption to learning during the pandemic is likely to have adversely affected the most socially disadvantaged and vulnerable students. It also had a significant impact on those studying vocational and practical courses, with a potential knock-on effect on the pipeline of skills needed in the economy.

13. The SFC and colleges are committed to widening access to learning and to tackling all forms of inequality and promoting diversity among students. Colleges are demonstrating this commitment in some positive practical ways (Case study 2, page 11).

Exhibit 4.
Success rates (the proportion of students successfully completing their course) by characteristic group



Note: Average figures include all enrolments on recogniesd courses of 160 hours and above.

Source: College Performance Indicators 2020-21, SFC, 2018 to 2022

Case study 2.
College initiatives to support inclusion

Rockpool podcasts – Ayrshire College

Rockpool Podcasts started during the period of Covid-19 restrictions to give music and sound production students a creative outlet in a blended learning environment. The podcasts feature a mix of interviews, special guests, stand-alone episodes and themed episodes. They have provided a platform to discuss several equality related issues, such as race, LGBT+ inclusion, mental health, women's rights and gender-based violence. The college reports that the podcasts are helping to mainstream equality, diversity and inclusiveness throughout the college community and beyond. They have around 1,300 listeners per week and are reaching audiences in 36 countries.

Listen to Rockpool podcasts

Neurodiversity in cybersecurity project – Fife College

The Neurodiversity in cybersecurity project was developed in response to Skills Development Scotland identifying a gap in support for neurodivergent students. Evidence suggests that people who are neurodivergent, in particular those with autism, are likely to have the aptitudes needed for cybersecurity roles. A fund was created to help run a short course on digital forensics and protecting computer systems and networks from information disclosure. The course was delivered by Fife College lecturers to a group of S3 pupils from Levenmouth Academy. The project also included the creation of an awareness training module with support from Autism Network Scotland. The college plans to extend it to other schools across Fife.

Remote learning presented benefits and challenges for college staff and students

14. A significant feature of the Covid-19 pandemic was a shift to online learning. In June 2021, Her Majesty's (HM) Inspectors from Education Scotland reported that Scotland's colleges developed remote learning 'well and at pace' and in a number of practical ways. The Scottish Government reported that remote learning brought a number of benefits, including flexibility for students in when, where and how frequently they accessed learning. Education Scotland's HM Inspectors highlight that remote learning has benefited learners who manage other responsibilities alongside their studies, such as caring for others, home schooling or work commitments. A SFC survey shows that students were fairly satisfied with online resources and communication about changes to their courses during the pandemic.

15. Remote learning also brought numerous challenges to college staff and students. For colleges, this included quickly providing digital equipment and access, developing digital skills, assessing the quality of remote learning, and supporting the wellbeing and mental health of staff and learners from a distance. Education Scotland's HM Inspectors found that digital poverty (including lack of access to IT equipment, the internet or a quiet space to work) and poor connectivity impacted on some learners' ability to engage with remote learning. Younger learners and students with additional support needs or poor mental health found engaging in remote learning challenging. This has been particularly evident in programmes that consist of large elements of practical work. Colleges report that remote learning was most effective in theory-based subjects and at an advanced level, and that overall learner engagement has been less positive on FE programmes in comparison to HE courses. Reduced face-to-face learning also impacted on opportunities for students to develop essential social skills. Over the past two academic years, the SFC has provided colleges with £5.7 million of dedicated funding to tackle digital poverty and support digital learning. It is providing a further £2.9 million in 2022-23.

Change is needed within the college sector to improve outcomes and financial sustainability

The college sector needs clear strategic direction for the short and longer term

Wide-ranging recommendations for change need to be implemented at the earliest opportunity

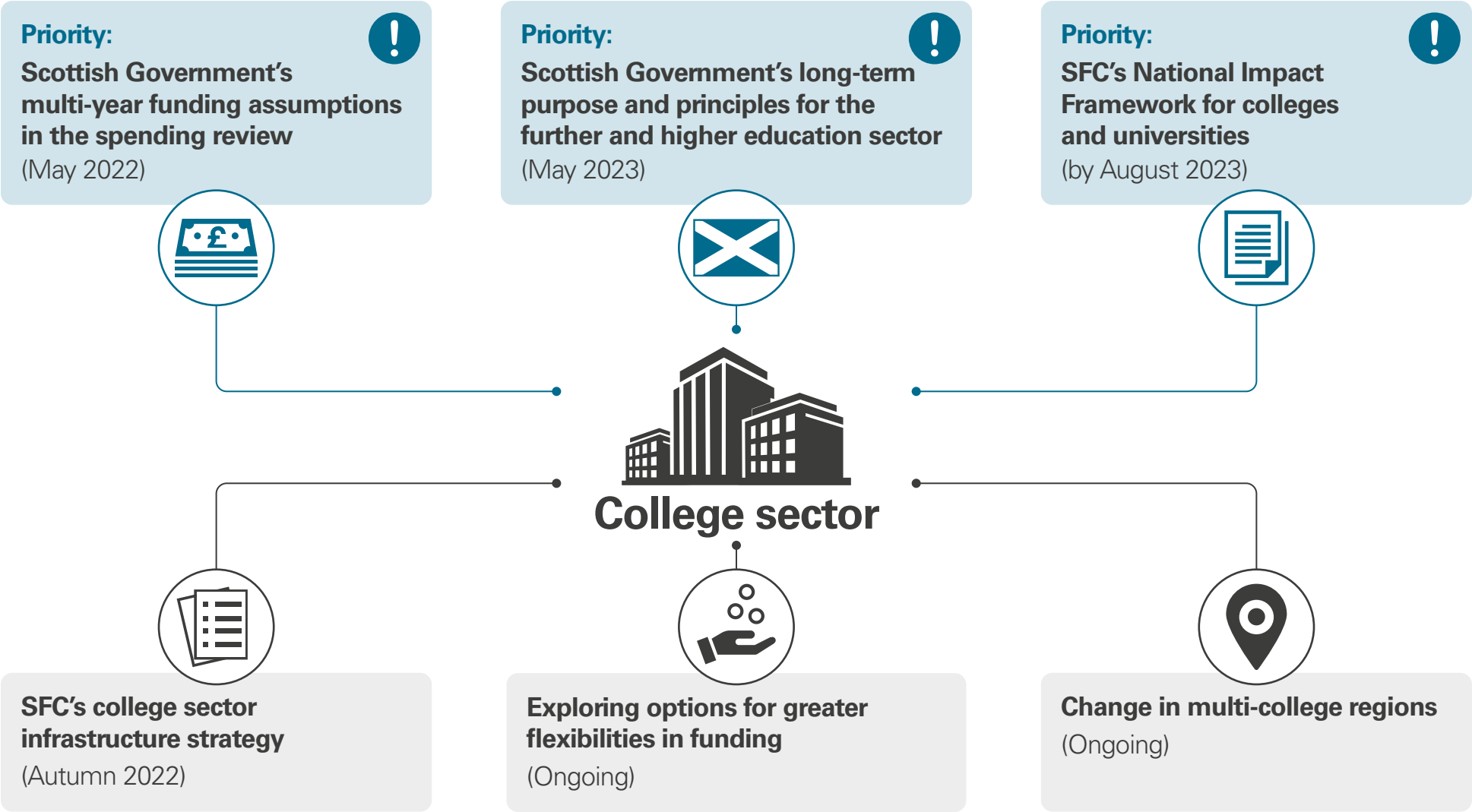
16. As we have reported in previous years, colleges were facing a number of challenges prior to the Covid-19 pandemic. These included ensuring long-term financial sustainability, reducing the proportion of students who do not complete their courses, increasing student success and closing the attainment gap for more disadvantaged students. Responding to these challenges, while continuing to deliver high-quality learning and contributing effectively to the delivery of wider Scottish Government priorities, may prove even more difficult in a post-Covid environment with increasingly challenging financial settlements for colleges.

17. In June 2020, in response to the Covid-19 pandemic, the Scottish Government commissioned the SFC to carry out a review of the provision and sustainability of further and higher education and research across Scotland (the SFC review). The SFC's final report from this review, published in June 2021, is wide-ranging and includes over 50 recommendations aimed at securing coherent, good-quality, sustainable tertiary education and research. In October 2021, the Scottish Government broadly accepted the SFC's recommendations.

18. The Scottish Government and the SFC are starting to take forward the recommendations in the SFC review. They have prioritised a range of work, including publishing multi-year funding assumptions, setting out the future role for the college, university, skills and research system (known as the 'purpose and principles') and developing a new National Impact Framework, which is intended to clarify the outcomes expected from colleges and universities and how they will be assessed (Exhibit 5, page 13).

19. It is critical that changes in the college sector address the immediate financial sustainability challenges facing colleges and maximise opportunities for students. The recommendations from the SFC review need to be implemented at the earliest opportunity. It is important that the Scottish Government and the SFC consider how best to support colleges to prepare and plan for change now, ahead of the longer-term role of the sector being set out in 2023. This should include supporting colleges to develop realistic medium-term financial plans and forecasts to help mitigate immediate risks to their financial sustainability.

Exhibit 5.
The college sector is facing a period of change



Source: Audit Scotland

The Scottish Government and the SFC need to provide clarity to support long-term plans for improvement

20. To support colleges in planning for and implementing proposed changes over the longer term, the Scottish Government and the SFC need to clarify expectations and priorities for the sector for the medium and long term, and the funding available to deliver them. In doing this, it will be important for:

- the Scottish Government's 'purpose and principles' and the SFC's National Impact Framework to set out clear and consistent expectations for the sector. These should reflect relevant objectives and outcomes in the National Performance Framework and other national strategies and plans (such as addressing inequality and disadvantage, developing a skilled workforce and securing a just transition to carbon net zero, which are priorities in the National Strategy for Economic Transformation).
- the SFC, in partnership with the college sector and Scottish Government, to determine the most appropriate model for funding colleges, and the targets underpinning it, that will allow colleges to deliver national policies and priorities and contribute to their long-term financial sustainability.
- the Scottish Government and the SFC to determine the evidence needed to demonstrate how the implementation of specific changes will contribute to a more sustainable college sector and improved outcomes for students and the economy, and the SFC to ensure information is available to monitor and measure performance and progress.
- the Scottish Government and the SFC to ensure that any future changes to governance, accountability, roles and responsibilities are clear and fully understood by key stakeholders.

Climate change priorities will require greater capital investment

21. Capital funding from the Scottish Government/SFC has consistently fallen short of the level needed for both regular lifecycle maintenance of the college estate and to address the level of backlog maintenance identified in a SFC condition survey in 2017 (Exhibit 6, page 16). As such, maintenance needs have grown over time and pose a risk to colleges' ability to maintain the suitability and safety of their buildings. The Scottish Government did not announce any additional capital funding in its multi-year spending review in May 2022.

22. In Scotland's Colleges 2019 we recommended that the SFC and Scottish Government agree and publish a medium-term capital investment strategy that sets out sector-wide priorities. Progress in developing an infrastructure strategy for the sector has been impacted by the Covid-19 pandemic and remains slow, but it is due for publication in autumn 2022. It is important that the strategy recognises the role of colleges in responding to climate change.

23. In February 2021, the college sector published its commitment to tackling the climate emergency, including an ambition to achieve net zero by 2040, five years earlier than the national target of 2045. Individual colleges are taking a range of actions to reduce their environmental impact, but achieving net zero will require large and sustained capital investment in the sector over time (Case study 3).

Case study 3.
College activity to tackle climate change

Renewable training centres

In June 2021, nine new **Renewable and Energy Efficiency Training Centres for Scotland** were launched within Scotland's colleges. These are funded by Scottish Power Energy Networks' £20 million Green Economy Fund. Relevant colleges will be at the forefront of training and upskilling for the future renewables and energy efficiency workforce in Scotland to accelerate the just transition to carbon net zero by 2045.

Climate action roadmap for colleges

The Climate Commission for UK Higher and Further Education developed a **road map** to help colleges reach the net zero target. The road map is intended to be used by college principals and their leadership teams, students, and other members of the college community to explain their approach to reaching net zero emissions.

Exhibit 6.

Since 2018-19, college capital funding has fallen £321m short of the amount required for lifecycle and backlog maintenance

Backlog maintenance

£93m funding provided (26%)

£270m shortfall

Requirement:
£363m
over 5 years (to 2022-23)

Lifecycle maintenance

£59m funding provided (54%)

£51m shortfall

Requirement:
£110m
over 5 years (to 2022-23)

Source: College funding allocations, SFC, 2018 to 2022

The pace of reform in multi-college regions needs to quicken

24. In Scotland's colleges 2018 we recommended that the Scottish Government and the SFC assess and report publicly on the extent to which the regional strategic boards (RSBs) are meeting the aims of regionalisation in multi-college regions. The SFC reviewed the three multi-college RSBs and in October 2020 recommended that the Lanarkshire Board be dissolved, Glasgow consider other organisational options, and the University of the Highlands and Islands (UHI) consider consolidation and possible mergers. In October 2021, the Scottish Government endorsed these recommendations. Almost two years since the SFC made its recommendations, changes are still to be implemented. To date:

- The intention remains to dissolve the Lanarkshire RSB, with both colleges managing themselves as separate regional entities. A timetable for this is still to be agreed.
- Three colleges assigned to UHI – Lews Castle College and North Highland College (both incorporated) and West Highland College (non-incorporated) – are considering a merger (from 2023 at the earliest). Several other larger colleges in the UHI region are facing significant financial challenges, which this proposed merger will not address. Wider-ranging changes to the regional college structure may be needed to address the financial risks facing the other incorporated colleges.
- Glasgow Colleges' Regional Board (GCRB) and its three assigned colleges are exploring other organisational options but are finding it difficult to reach agreement on a way forward. GCRB needs to address this with a sense of urgency.

25. The significant challenges presented by the Covid-19 pandemic have inevitably impacted on progress towards implementing the SFC's recommendations for multi-college regions. RSBs now need to return to addressing these recommendations with a sense of urgency. The current inquiry by the Scottish Parliament's Education, Children and Young People Committee into what has been learned from college regionalisation will be an important source of evidence to help inform future change.

We will continue to monitor changes in the college sector

26. We report annually on the audits of Scotland's 20 incorporated colleges and will continue to monitor developments across the college sector. Given the range and timing of proposed changes in the sector, we will consider the most appropriate point to report on their impact on the sector.

Scotland's colleges 2022

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AUDIT SCOTLAND

Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1500 Email: **info@audit-scotland.gov.uk**
www.audit-scotland.gov.uk

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