Briefing for the Public Petitions Committee

Petition Number: PE 1414

Main Petitioner: Dougie Deans

Subject: Further Education Funding

Calls on the Parliament to urge the Scottish Government to reconsider its proposed cuts to the Further Education Sector of £47m over the next four academic sessions 2011/12, 2012/13, 2013/14 and 2014/15.

Background

The Scottish Government funds the further education (FE) sector through a grant to the Scottish Funding Council. This is set out in the Scottish Budget and spending review documents. The planned reduction in funding from financial year (FY) 2010/11 is set out in the chart below. It can be seen that the revenue budget for FE is set to fall by 13.6% (cash terms), from £545 million in FY 2011/12 to £471 million in FY 2014/15:


Following the draft budget, the Scottish Funding Council then allocates this revenue funding to individual institutions for the following academic year. The
chart below shows the total revenue funding provided to colleges by academic year, since 2009/10.

**Chart 2: Revenue allocations to colleges 2009/10 to 2011/12 £m Cash terms, academic years.**

![Revenue allocations chart](chart.png)

Source: 2009/10 to 11/12 from SPICe Briefing “Scotland’s Colleges”.

Revenue allocations to colleges for academic year 2012/13 are due to be announced imminently. In a letter to the Principals of FE colleges on 11 January 2012, the Cabinet Secretary for Education and Lifelong Learning explained that no college should see a further reduction in their teaching grant of more than 8.5% in academic year 2012/13, and budgets for student support and capital maintenance grants will be maintained in cash terms.

The quoted maximum 8.5% reduction in teaching grant and maintenance of student support and capital maintenance uses a baseline of the initial revenue allocations for academic year (AY) 2011/12, as set out in the Scottish Funding Council Circular 35/2010 (Dec 2010). It is not based on the final revenue allocations received by FE colleges in AY 2011-12, which include in-year adjustments. For example, last year, the Scottish Government provided an extra £15m to the FE budget as it was going through Parliament. This provided an extra £8m for college student places and an extra £15m spread across 2010/11 and 2011/12 for student support. (SFC 09/2011). This additional revenue funding is thus not included in the 2011/12 baseline used, when comparing revenue funding for academic year 2012-13.

Despite these budget cuts, the Government has made a commitment to maintain student numbers in academic year 2012/13 ‘at the baseline 2011/12 levels’. This “will involve 4 per cent of places being funded through a pilot scheme that is aimed at promoting greater synergy between Skills Development Scotland and colleges.” (Michael Russell, Official Report, 26th January 2012 col 5799)
In 2011 employment in the FE sector fell by 9.3%. There was a reduction of 1,200 posts from 12,400 in Q3 2010, to 11,300 in Q3 2011 (Table 8, public sector employment in Scotland).

The structure and funding mechanisms for the FE sector are subject to significant change from academic year 2012/13 onwards. The Cabinet Secretary for Education and Lifelong Learning has written to all college principals, asking colleges to re-organise themselves into a number of regions, providing an additional £15m to support this change, in the form of a ‘College Transformation Fund’. The Cabinet Secretary’s Letter, dated 25 January 2012 states that

‘The fund will primarily be used to fund voluntary redundancy schemes to deliver the staffing changes needed for mergers (or in some cases, strong federations) and realise the associated efficiency gains’.

The College Transformation Fund (CTF) will be available in FY 2012-13 only and proposals will only be funded that realise savings after one year. Colleges will remain able to add their own resource (for example, from their reserves) to make more attractive schemes.

Scottish Parliament Action

The Education and Culture Committee, in its Report to the Finance Committee on the Scottish Government’s Draft Budget made a number of recommendations in relation to further education funding. These included:

- Seeking clarification from the Scottish Government as to whether there will be additional support available for colleges.

- In relation to the impending regionalisation and associated costs: “whether it would be feasible to reduce the impact of next year’s cuts by adjusting its spending plans over the Spending Review Period.”

- Asking the Cabinet Secretary to explore the possibility of a share of Barnett consequentials, to ease the colleges’ transition to the new arrangements.

There have been a number of recent written and oral PQs on this issue:

Question S4O-00624: Jackie Baillie, Dumbarton, Scottish Labour, Date Lodged: 18/01/2012

To ask the Scottish Executive what impact the 20% reduction in college budgets will have in terms of staffing, student numbers and the range of courses available.

Current Status: Taken in the Chamber on 26 January 2012
Question S4W-05068: Neil Findlay, Lothian, Scottish Labour, Date Lodged: 19/01/2012

To ask the Scottish Executive where the pilot scheme to promote a greater synergy between Skills Development Scotland and colleges will take place; when it will begin, and what areas of college education it will cover.

Answered by Michael Russell (30/01/2012):

I have made clear I will bring forward details of the pilot scheme in due course.

Question S4W-05066: Neil Findlay, Lothian, Scottish Labour, Date Lodged: 19/01/2012

To ask the Scottish Executive whether it has published detailed plans of how baseline student numbers will be maintained at 96% for (a) 2012-13, (b) 2013-14 and (c) 2014-15.

Answered by Michael Russell (30/01/2012):

I wrote to all college principals on 11 January, providing them with high level planning assumptions for maintaining student numbers in 2012-13. I also wrote to the Scottish Funding Council on 25 January providing additional strategic guidance, which asked them now to make funding allocations for individual colleges in 2012-13.

Question S4W-05063: Neil Findlay, Lothian, Scottish Labour, Date Lodged: 19/01/2012

To ask the Scottish Executive how much funding for student support was provided to each further education college in (a) 2009-10 and (b) 2010-11, is provided in 2011-12 and is proposed for (i) 2012-13, (ii) 2013-14 and (iii) 2014-15.

Answered by Michael Russell (30/01/2012):

Matters relating to the funding of individual colleges fall within the responsibility of the Scottish Funding Council. I have asked its Chief Executive to write to the member.

Question S4W-05058: Neil Findlay, Lothian, Scottish Labour, Date Lodged: 19/01/2012

To ask the Scottish Executive whether changes are being made to the block grant being provided to the further education sector as proposed in the Scottish Spending Review 2011 and Draft Budget 2012-13.

Answered by Michael Russell (30/01/2012):
Yes. For example, the £15 million college transformation fund that I announced on 7 December 2011 will be available to colleges in 2012-13 to support change in the sector and help fund the cost of regional mergers. As in previous years, there may also be in-year adjustments to amounts allocated.

**Question S4W-05057: Neil Findlay, Lothian, Scottish Labour, Date Lodged: 19/01/2012**

To ask the Scottish Executive for what reason there has been a delay in confirming with colleges their budget allocation for 2012-13.

**Answered by Michael Russell (30/01/2012):**

There has been no delay. The timetable published in our consultation paper on college regionalisation indicated college funding allocations would be made available in March 2012, following parliamentary approval of the 2012-13 Budget. This is what we will do.

A Parliamentary debate on college funding took place on 2 Feb 2012, the motion and amendment of which are included below:

**Motion S4M-01876: Liz Smith, Mid Scotland and Fife, Scottish Conservative and Unionist Party, Date Lodged: 31/01/2012**

**College Funding**

That the Parliament warmly congratulates Scotland’s colleges in terms of the outstanding contribution that they have made to improving educational opportunities for a wide range of learners, improving the alignment between available skills and local employment opportunities and in embracing the need for structural reform; condemns the Scottish Government for forcing on the sector deeply damaging financial cuts for the period 2012-15, which are disproportionately greater in 2012-13, and which will inevitably have a detrimental impact on staffing, student places and support for students from more disadvantaged backgrounds; fails to understand how these financial cuts can be reconciled with the Scottish Government’s flagship 16 to 19 policy and the need to address the very worrying youth unemployment statistics that have revealed that 88,000 young people aged 18 to 24 are now out of work, and calls on the Scottish Government to urgently reconsider the proposed budget settlement for the further education sector.

**Motion S4M-01876.1: Michael Russell, Argyll and Bute, Scottish National Party, Date Lodged: 01/02/2012**

**College Funding**

As an amendment to motion S4M-01876 in the name of Liz Smith (College Funding), leave out from “condemns” to end and insert “acknowledges the difficulties resulting from the UK Government’s cuts of over £3 billion to the Scottish block and the inescapable pressures that this creates for college budgets; welcomes the fact that the Scottish Government is ensuring that
£265 million of capital investment in colleges is made over the spending review period, including through the non-profit distributing programme; further recognises that the support is in place to maintain student numbers in the coming year; commends the hard work and commitment of college staff and students at all levels, both to improve learner outcomes and to take forward the progressive programme of reform set in train by the Scottish Government, including its plans for a regional structure in which learning provision is better matched to need, and reiterates its support for the creation of 125,000 modern apprenticeships over the current parliamentary session and for the introduction of the Opportunities for All programme, which will provide a suitable place in learning or training for all 16 to 19-year-olds who require it.”

Scottish Government Action

The Scottish Government replied to the committee’s budget report on 24th January 2012. In relation to further education funding it stated that:

- There is a £15 million college transformation fund available to colleges in 2012-13 to support change and help fund the cost of regional mergers.
- We are committed to the planned profile of expenditure set out in the Scottish Government’s draft budget.
- Cabinet is considering the allocation of consequentials arising for 2012-13, in light of our overall financial position and strategic priorities, and will make decisions in due course.

A review of governance published on 1st February also proposes significant changes to the FE sector.

Camilla Kidner
Senior Researcher
02 February 2012

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