

Education and Culture Committee
Scrutiny of the 2013-14 Draft Budget

Educational Institute of Scotland

The EIS is pleased to provide evidence to the Committee in its consideration of the 2013-2014 draft budget. The EIS is the sole union recognised for collective bargaining on behalf of Scotland's FE lecturers. The EIS is one of two unions recognised for collective bargaining for HE lecturers and academic related staff in Scotland.

College & University Funding

The EIS has actively campaigned against the cuts in college funding implemented in 2011-12 and 2012-13.

“Overall Total” College funding figures (excluding capital) as provided by the SFC

2010-11	£580.8m	(SFC Main Grant Letter, Table 1)
2011-12	£545.5m	(SFC Main Grant letter 2011-12, Annex A)
2012-13	£539m ¹	(£499.5m SFC Indicative Grant Letter Table 1 and £39.5m additional funding from 2012-13 Scottish Budget)

The teaching element of college's work is financed, in the main, through the 'teaching grant and fee waiver' budget heading, which is identified within the SFC (Scottish Funding Council) overall total of college funding. The cut in 'teaching grant and fee waiver' budgets over the last two years is shown below:

2010-11	£521.3m	(SFC Main Grant Letter, Table 3)
2011-12	£421m	(SFC Main Grant letter 2011-12, Annex B)
2012-13	£387.5m ²	(SFC Indicative Grant Letter Table 2)

The 'teaching grant and fee waiver' budget heading is the single largest source of income for colleges, and is the one that gives continuity (as recurrent funding) to employ permanent staff at colleges. The effect of decreasing this budget is disproportionately large on colleges and their staffing.

The Government has chosen to prioritise student support funding over teaching in the FE sector. The Government's decision to maintain (in cash terms) student

¹ It is worth noting that the £539m figure for 2012-13 includes £15m non-recurrent College Transformation Fund and £13m for SDS delivery of "Employability Initiatives". There is a strong argument therefore for stating that £511m is the best figure to compare with the £545.5m spending on colleges in 2011-12, as both figures exclude one-off funding.

² It is worth noting that the £387.5m budget includes £8m funding brought forward from 2013-14, which will be repaid. It is questionable therefore, whether £8m of the £387.5m can (or should) be considered as "funding" for 2012-13. There is a strong argument therefore to state that £379.5m is the best figure to use to show "teaching grant and fee waivers" funding for 2012-13.

The Government allocated, for 2012-13, an additional £13m for the SDS (Skills Development Scotland) to commission teaching activity from colleges. This pilot funding is non-recurrent, which makes it difficult for colleges to use it to maintain permanent staffing levels.

support funding whilst cutting teaching grants means that an increasing proportion of college funding goes towards student living expenses rather than teaching.

The funding allocations to the HE sector are shown below, and show a significant cut in funding for 2011-12 but with recovery in projected funding from 2012-13 onwards. Overall total HE Funding – excluding capital

2010-11 £1,040.40m (Total HE Budget allocation, General Fund Grant Letter SFC/11/2010)³

2011-12 £959.36m (Main Grant Letter 09/2011, Annex F)

2012-13 £1,021.92m (SFC Circular 05/2012 Table 1)

The EIS response to *the impact of the allocations on FE, including such matters as college places, student support, staff numbers, dropout rates and patterns of course provision, including delivery of the National Training Programmes.*

SFC data shows that there was a drop in student places between 2010-11 and 2011-12. This drop seems worse for older students and part-time students, as the Government seeks to refocus the work of colleges to delivering vocational training and education to 16-25 year olds.

The SFC Indicative College Grant letter (Table 4) shows that the SFC is funding 2,109,538 wSUMs for 2012-13, this is a drop from 2,233,140 wSUMs funded in 2011-12 as shown in the SFC Main Grant Letter 2012 Annex C. This reduction is alarming in a period of high unemployment, and record levels of youth unemployment.

It must also be noted that the SFC reduced the direct teaching requirement by two hours from each SUM unit of teaching activity in 2011-12, which effectively reduced the amount of teaching time given to non-advanced FE students from 2011-12 onwards. The value of a wSUM has declined from £208 in 2010/11 to £189 in 2012/13.

The EIS believes that the reduced funding for colleges has had three main effects:

1. It has reduced the amount of teaching activity within the sector: which has led to fewer students and fewer courses available for students.
2. It is stretching the quality of current teaching provision.
3. It has reduced the number of staff working in the sector.

The latest public sector employment statistics (published 12 September 2012) show a drop in FE College staff of 1300 – 8% of the sector. It is difficult to imagine that the college sector can absorb such a loss without damaging its capacity.

The pattern of course provision has changed during the last year or so, and the recently agreed regional outcome agreements will further accelerate change. That change is towards full time vocational courses for 16-25 year olds. Access courses,

³ Total HE Budget allocation, General Fund Grant Letter SFC/11/2010 para 34

which have given many students the confidence to go onto further courses, have been reduced, which may also have the effect of restricting access to FE colleges by students from disadvantaged backgrounds.

The EIS understands that as of 1 July 2012 additional eligibility criteria will apply for students wishing to access Individual Learning Accounts, which may also restrict college access to some students.

The EIS response to the impact of the allocations on HE, including such matters as student numbers and country of domicile, applications for places and ‘filling the funding gap’.

The HE sector is more resilient to funding cuts than the FE sector, as most HEIs have significant reserves. There is also Higher Education Statistics Agency (HESA) evidence to suggest that HEIs have been reducing staff costs as a proportion of their budgets – with real terms pay cuts for each of the last three years for lecturers. There is no evidence that the 2011-12 funding cut led to any significant job losses or course closures. The EIS is not convinced that there is any clear “funding gap” in HE *vis a vis* England.

Funding changes in Scotland have led to a quota of funded Scottish domiciled students (with penalties if this cap is exceeded), and the cap has been removed from RUK students and non-EU. RUK (for some subjects) and non-EU students generally bring higher fees than Scottish students, and there have been newspaper reports exploring this issue.

The EIS is concerned that HEIs do have the ability to recruit uncapped numbers of RUK and non-EU, and that HEIs may be tempted to move funded (Scottish places) to lower tariff courses, or be over-eager to put RUK/non-EU students into courses that have not been able to fill their Scottish students funded quota. In other words, the incentive to encourage articulation or to favour Scottish students from poorer backgrounds may be weak.

Interim UCAS data released in August 2012 show a small increase in students enrolled in Scottish HEIs for 2012-13, with a significant drop for English HEIs. The EIS believes that there are a number of factors responsible for this including the different HE policies of the Scottish and UK Governments. It would seem that Scottish HEIs (unlike English HEIs) have maintained their RUK new student numbers, despite having comparable tuition fees. UCAS figures show a marginal increase in new Scottish students for 2012-13. The expansion in new student places at UHI may play a part in this small increase.

The EIS response to how the sectors are: responding to the challenge of youth unemployment; helping to deliver the ‘opportunities for all’ guarantee; ensuring that students/graduates are able to compete in the labour market

The EIS is critical of the way in which the Scottish Government has cut teaching grants to FE colleges, leading to student waiting lists, less course choice, fewer students and 1300 fewer staff (in the last year alone). Whilst the Government has

made efforts to address youth unemployment, the EIS believes that these efforts are fundamentally undermined by cuts to college budgets.

The EIS does not believe that the Government is seeking to use the HE sector to respond to the challenge of youth unemployment. There have been limited efforts to improve articulation from colleges and improve access to poorer students.

The Government has put in additional monies at the last Budget to deliver the opportunities for all guarantee. There is some evidence that colleges are concerned that the funding allocated may be insufficient. The programme will be implemented from AY2012-13 onwards, therefore it is too early to comment on its success.

In terms of ensuring that students/graduates are able to compete in the labour market, the EIS would commend the 'Employers and the Recruitment of Young people Review' by UKCES (UK Commission for Employment and Skills) published in April 2012.

The EIS response to commercialisation of HE outputs and the merit of concentrating the Research Excellence Grant on areas of the best quality research

The EIS is concerned with the concentrating of research into pools and the removal of funding for 1* and 2* research, thereby reducing funding to internationally recognised research of 3* and 4*.

The EIS believes that this will disadvantage the newer HEIs in particular and reinforce the move towards two types of University in Scotland: the research intensive international facing university competing for the best students and teaching intensive university – with a greater regional focus.

The second issue arising with not funding 2* research is that it may hinder the ability of early career academics to carry out research, and it may encourage research intensive HEIs to appoint external staff with a track record of 3*/4* research rather than nurturing their own staff.

The EIS response to how the budget is taking account of the proposed regional college structure and the outcomes based funding models for FE and HE.

The Government has allocated £15m for 2012-13 in a non-recurrent College Transformation Fund. In the main, this fund is funding the work of existing colleges to work their regions in preparing for regionalisation, and the new funding model.

If the regionalisation preparation work of the colleges is to be measured by the quality of the 2012-13 regional outcome agreements then the omens are bad. There is little consistency between the data and targets within the different regional outcome agreements that the EIS has seen. This would illustrate a compartmentalised approach to outcome agreements – which is surprising since they are all with the same body – the SFC. It is questionable therefore whether

existing funding arrangements are allowing a coherent, planned and accountable system of regional outcome agreements.

The Outcome Agreements enable an outcome based model to be implemented, and are devices to enable centralised planning and control for both sectors – and designed to give a benchmark from which accountability may be exercised. The EIS is not against the principle of outcome based funding – but it must be implemented in a fair and equitable manner without excessive political interference. The HE/FE funding for 2012-13 were announced before the 2012-13 Outcome Agreements were framed and so it is too early to gauge the success of this policy.

The EIS does not believe that equalities considerations have significantly informed decision-making. The EIS believes that the piecemeal way in which the SFC supports equality issues is a reflection of how this issue is regarded.

Addendum to EIS Evidence to Education and Culture Committee on the 2013-14 Draft Budget

The EIS would refer members to Table 1 of the 2013-14 draft Budget which shows the real terms changes in funding to the Scottish Government from the UK Government between 2010-11 and 2014-15. The EIS has used the same methodology to show the real terms changes in FE (college) funding from the Scottish Government over the same period:

	2010-11 ⁴	2011-12 ¹	2012-13 ⁵ (Budget)	2013-14 ² (Draft Budget)	2014-15 ² (Plan)
SG Spending (FE College Budget, Cash Terms)	578.2	544.7m	506.9m	511.7m	470.7m
SG Spending Real Terms ⁶ (2012-13 prices)	607.8m	559.4m	506.9m	499.2m	448.0m
Real terms change (year on year)		-7.9%	-9.3%	-1.5%	-10.2%
Real terms change (cumulative)		-7.9%	-16.6%	-17.8%	-26.2%

The 2013-14 Draft Budget states (in Table 5.06) that the 2012-13 Budget allocated £506.9m for the SFC FE (College) Programme Budget. It should be understood that the actual 2012-13 Budget allocated additional FE (college) funding; £13m for college places via Skills Development Scotland, £11.4m in student support and £15m College Transformation Fund. The EIS believes that £11.4m increase in Student Support funding is simply an addition to the Student Support funding for 2012-13 and thus is clearly part of the FE Programme Budget for 2012-13. This seems to be supported by SFC Circular 09/12⁷. Had last year's additional student

⁴ Table 9.06 Scottish Draft Budget 2011-12 <http://www.scotland.gov.uk/Publications/2010/11/17091127/10>

⁵ Table 5.06 Scottish Draft Budget 2013-14

⁶ FE Programme Budget changes shown in real terms with the same GDP deflators used in Table 1 of the Scottish Draft Budget 2013-14

⁷ http://www.sfc.ac.uk/news_events_circulars/Circulars/2012/SFC0912.aspx

support funding been included, then the FE (College) Programme budget would have shown a cut for 2013-14, rather than the increase stated.

The Scottish Government announced on 10 September 2012: *"In outlining the total support for Scottish further education, Mr Russell also reiterated that college funding has risen to a total of £546 million this year..."*⁸

The 2013-14 Draft Budget does not propose any college places to be funded by the SDS or any other body. Therefore, the £511.7m the Government is proposing for SFC College funding 2013-14 is around £34m less than allocated for college funding 2012-13.

The teaching element of college's work is financed, in the main, through the 'Teaching Grant and Fee Waiver' (TG&FW) budget heading, which is identified within the SFC (Scottish Funding Council) overall total of college funding. EIS evidence already submitted to the Committee has shown recent SFC FE (College) TG&FW funding to be:

2010-11 £521.3m 2011-12 £421m 2012-13 £387.5m

Scotland's Colleges has announced that it believes that the 2013-14 Draft Budget will lead to a college teaching grant cut of £6m. The EIS believes that this is without the repayment of £8m which was brought forward to FE (college) funding by the SFC to 2012-13 from 2013-14. In other words, the Teaching Grants may be reduced in 2013-14 by anything between £6m and £14m in cash terms.

There are three key points the EIS would like to stress to the Committee:

1. A real terms funding cut of 17.8% will be applied to college funding between 2010-11 and 2013-14.
2. The 2013-14 Draft Budget may cut colleges' Teaching Grant by between £6m and £14m, compared to 2012-13.
3. Teaching Grants were cut, in cash terms, by 10.5% in 2011-12 and 10.9% in 2012-13.
4. Despite fewer students and less wSUMs being delivered, student support funding has been maintained.

⁸ <http://www.scotland.gov.uk/News/Releases/2012/09/college-funding10092012>