Dear Ms Evans

Auditor General for Scotland report - “Scotland’s colleges – Current finances, future challenges”

1. At its meeting on 24 October the Public Audit Committee took evidence from the Auditor General for Scotland (AGS) on her report entitled “Scotland’s colleges – Current finances, future challenges”. The relevant Official Report will be available at the following link by close on 30 October:

http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/29860.aspx

2. The evidence included discussion of the proposed regionalisation of colleges. The Committee appreciates that the overarching intention of the forthcoming regionalisation of colleges is to contribute to the Government’s national objectives of developing a highly educated and skilled workforce and providing more effective and sustainable delivery of learning and skills.

3. As you will be aware, in response to the AGS report, the Scottish Government has agreed to provide a detailed assessment of: the expected benefits and costs of college regionalisation (including structural change); how these benefits contribute to its reform objectives; and how costs are to be funded (AGS report, recommendation page 4).

4. The Committee notes that the Post-16 Education Reform Bill, which will progress the creation of the 13 regional boards, may be introduced to Parliament in November 2012. The Committee notes that without a detailed justification for change within such an assessment, it may be difficult for the Parliament to effectively scrutinise the forthcoming legislation.

5. The Committee therefore agreed, following evidence from the AGS, to write to you to request that the assessment of costs and benefits for the regionalisation proposal be provided to the Parliament at the Scottish Government’s earliest opportunity.

6. Additional information that the Committee would also be grateful for is detailed below.

Public body mergers

7. The Committee also looked at the ongoing programme of college mergers in evidence and was concerned that a lack of information on objectives and delivery of the mergers echoes issues raised in Audit Scotland’s previous published report Learning the Lessons of public body mergers. This report made recommendations around leadership and governance, measuring impact on organisational performance and accountability for the costs and savings associated with mergers. In responding to Learning the Lessons of public body mergers, the Scottish Government assured the Committee, at its meeting on 26 September, that lessons
would be learned and that Audit Scotland’s recommendations and accompanying good practice guidance would be applied to future mergers.

8. The Committee would welcome information on how the Scottish Government will use the recommendations in both the AGS colleges report and the mergers report to inform the overseeing of current and future college mergers.

Outcome agreements
9. The AGS also reported in evidence that the first set of college sector outcome agreements concentrate on input and process measures and that future agreements would need further refinement, for example to detail how colleges would contribute to Government objectives such as employability.

10. The Committee would welcome an assurance that future outcome agreements will have a greater focus on how colleges will contribute to the Government’s wider objectives.

Demand for college places
11. The AGS reports that there is likely to be a 24% real terms reduction in Scottish Government revenue grant support to colleges between 2011/12 (£545 million) and 2014/15 (£471 million) (AGS report, paragraph 38), with reduced income from other sources (paragraph 40) and an increased demand for college places due to unemployment (paragraph 41). The Committee would welcome information on how the Scottish Government will seek to ensure that Scotland’s colleges will meet increasing demand for college education with diminished resources.

12. In relation to this, the Committee notes that there is currently no national picture of the number of applicants to Scotland’s colleges and would ask whether the Scottish Government intends to start collecting this information as part of the forthcoming changes. This would enable the Government to determine to what extent demand is outstripping supply.

Community planning partnerships
13. Finally, the Committee would welcome information on how the proposed regions will collaborate with relevant Community Planning Partnerships to contribute to addressing local development needs such as demand for particular skills.

14. I should be grateful if you could provide a response to this letter by Tuesday 13 November to allow the Committee to consider it at its meeting on Wednesday 21 November. Should you require any further information please do not hesitate to contact the Assistant Clerk, Jason Nairn on 0131 348 5236 or by email at pa.committee@scottish.parliament.uk.

Yours sincerely

Iain Gray MSP, Convener