

Briefing for the Citizen Participation and Public Petitions Committee on petition PE2200: Provide a sustainable funding model for Scotland's colleges, lodged by Melanie Jane Stuart on behalf of EIS/FELA and Unison at Dundee and Angus College

[PE2200](#) calls on the Scottish Parliament to urge the Scottish Government to change its approach in relation to funding Scotland's colleges. The petitioner calls for:

- the introduction of multi-year funding settlements of three to five years
- funding that rises at least with inflation
- an above-inflation funding settlement in the 2026-27 budget
- and baselines for student support and community access funding.

The petitioner is also calling for the Scottish Funding Council (SFC) to give colleges "clearer forward figures and simpler in-year rules" to aid planning of staffing, curriculum, capital investment and other activities.

Brief overview of issues raised by the petition

Funding provided to Scotland's colleges has fallen in recent years. [Audit Scotland's 2025 colleges report](#), published in October 2025, found a 20% real-terms reduction in resource funding for colleges between 2021-22 and 2025-26. The report states:

"Without changes to baseline funding, colleges will have to deliver even less to remain sustainable at a time when demands from students and employers are not being met." [Audit Scotland, October 2025](#)

SFC's Financial Sustainability of Colleges in Scotland 2022-23 to 2027-28, published in September 2025, found 22 colleges (92%) are forecasting adjusted operating deficits in 2025-26, concluding:

"These forecasts show that most colleges are not sustainable. We have previously reported that colleges take a cautious approach to forecasting, often resulting in better than anticipated results. This position has changed due to the current challenging financial environment and improvements on forecast will be extremely difficult to deliver." [SFC, September 2025](#)

SFC found increasing staff costs, high energy costs, a maintenance backlog, and RAAC were among the issues facing colleges. With staffing making up around 70% of total costs for colleges, SFC finds that the focus on savings could mean a 6.6% reduction in FTE college staff between 2024-25 and 2027-28.

The Audit Scotland report identified the costs of non-teaching staff job evaluation as a further risk to college financial sustainability. The report stated that responsibility for funding the outcome of the evaluation was returned to the Scottish Government in 2023-24 and that colleges now included a provision in their accounts to reflect the possible cost of compensating staff affected, though there is currently no associated income for this.

In 2025-26, the [Scottish Government provided funding of £5.5 million to SFC](#) to allocate to colleges to partially fund the increase in employer's National Insurance. It is not yet clear whether funding will be provided for this purpose in 2026-27.

Scottish Government actions

Reform of the post-school education landscape has been under discussion since 2020. While proposed reforms are not solely related to funding, they did arise in response to concerns around the sustainability of the tertiary education sector. These concerns led the Scottish Government to commission the SFC's 2021 [Review of Coherent Provision and Sustainability](#).

The Scottish Government then commissioned the [Independent Review of the Skills Delivery Landscape](#). Carried out by James Withers, the review was published in June 2023, setting out 15 recommendations for transforming the skills delivery landscape. These included calls for the Scottish Government to take responsibility for skills planning at national level, create a single funding body bringing together many of the functions of the SFC, Skills Development Scotland (SDS) and the Student Awards Agency Scotland (SAAS) and introduce a universal skills framework that delivers a clear map of the post-school system.

As part of its response to the Withers and SFC reviews, the Scottish Government published '[Purpose and Principles for Post-School Education](#)' in 2023. This is a framework intended to set the policy direction for higher education (HE) and further education (FE). The Scottish Government also published [an Initial Priorities document](#) alongside Purpose and Principles. This identified development of "a new model of public funding for all forms of provision".

In February 2025, the Tertiary Education and Training (Funding and Governance) (Scotland) Bill was introduced to Parliament. The Bill includes provisions to consolidate funding of post-school education and improve the operation and governance of SFC. Following the introduction of the Bill, then-Minister for Higher and Further Education and Minister for Veterans, Graeme Dey MSP said:

"First and foremost, we want to deliver the best service that we can for learners and employers. Secondly, we want to make things simpler for colleges, universities, training providers and employers. Last but not least, we have to get maximum value from every pound that we invest."
[Official Report, 6/02/2025](#)

However, the proposed reform of the post-school sector comes at a time when colleges are under increasing financial pressure. As mentioned earlier in this briefing, [Audit Scotland](#) found a 20% real-terms reduction in funding for colleges between 2021-22 and 2025-26.

Scottish Parliament actions

The Education, Children and Young People (ECYP) Committee has undertaken ongoing scrutiny of the financial sustainability of colleges during session six of Parliament:

- In 2022-23, the [college regionalisation inquiry](#) looked at the challenges and opportunities for colleges ten years on from regionalisation in 2021.
- [Pre-budget scrutiny in 2024-25](#) and [2025-26](#) looked at college finances, taking evidence from sector organisations and making recommendations to the Scottish Government ahead of the Budget announcement.

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10/11/2025

The purpose of this briefing is to provide a brief overview of issues raised by the petition. SPICe research specialists are not able to discuss the content of petition briefings with petitioners or other members of the public. However, if you have any comments on any petition briefing you can email us at spice@parliament.scot

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