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Convener
Education, Children and Young People Committee
The Scottish Parliament
Edinburgh
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By email: ECYP.committee@parliament.scot

25 September 2024

Dear Convener,

Evidence to Committee – Pre-Budget Scrutiny 2025-26, 4 September 2024

Further to your letter of 9 September, following the session on 4 September, I am writing to provide an update to the Committee on the various subjects noted for a follow-up.

VAT/Shared Services

The university sector has already established a Cost Sharing Group whose status as VAT exempt was confirmed by HMRC and covers specific services delivery models.

The current structure does not suit all delivery models and at the Universities Tripartite Alignment Group on 11 September 2024, it was agreed that the Group would explore if more can be done to reduce barriers enabling even greater opportunities for collaboration and efficiency. I will look to update the Committee in due course.

Staffing

The Scottish Government is committed to ensuring that we have well-governed and financially sustainable college and university sectors. Receiving regular and timely information on delivery and financial performance of individual institutions is a key part of being assured on this. This is one of the areas we consulted on as part of our recent [consultation on proposals for legislation to simplify the funding body landscape](#).

We will publish a report on the consultation in due course. Any changes would be progressed through the Bill announced by the First Minister in the Programme for Government to deliver simplification of the funding body landscape.

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Fair Work

I have been clear that Fair Work must be the guiding principle to promote fairer work practices for staff within Scotland's college sector. This is central to the Scottish Government's Fair Work approach, and we expect employers, workers and trades unions to work together to reach the right decisions and ensure workers are treated fairly.

To strengthen college governance processes, I introduced the Trade Unions on College Boards legislation that came into force on 31 January 2024. This enables trade union nominees to be represented on college boards and ensures their views form part of college governance decision-making processes and furthers the Scottish Government's Fair Work Agenda.

To reiterate this Government's position in respect of Fair Work, in my Ministerial letter of guidance to the SFC on 29 March 2024, I stated that Fair Work continues to be a high priority for the Scottish Government and is central to delivery of outcomes under the National Performance Framework and Equity pillar of the Policy Prospectus.

I therefore expect the SFC to have a dual role to play in supporting the Scottish Government by continuing to promote Fair Work principles across Scotland's college sector and to monitor adherence to the commitments that apply as part of the procurement or the award of grants and funding.

Lastly, as Scotland's colleges are responsible for operational decisions such as staffing matters, I expect college boards to follow appropriate governance procedures to reach the right decisions and to ensure workers are treated fairly.

Scottish Teachers Pension Scheme

Along with the SFC, the Scottish Government remains committed to supporting colleges and universities in addressing any financial sustainability challenges. This includes providing as much support as possible to both sectors through the allocation of consequential funding to meet additional costs resulting from increased employer contribution rates for the Scottish Teachers Pension Scheme.

HM Treasury confirmed in 2023 that they would only provide funding for increases in employer contribution rates for employers whose employment costs are centrally funded through departmental expenditure. Nevertheless, we will aim to meet the increased cost pressures faced by colleges and universities as much as possible in allocating the consequential funding when made available.

Work is ongoing by Scottish Government officials to determine the full extent of additional costs for employers resulting from increased employer contribution rates across all unfunded public service pension schemes. Once this work is complete, final decisions on allocation of consequential funding will be made across portfolios as part of the Autumn Budget Revision. I should however make clear that consequential funding received may not be sufficient to cover all of the costs across all unfunded public service pension schemes.

Student mental health funding

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Since 2019-20, the Scottish Government has invested, in the pursuance of its Programme for Government commitments, over £19 million across five years to support student mental health and wellbeing in colleges and universities and to help institutions to transition to a more sustainable means of providing mental health support for students. The cessation of this funding – referred to in the Cabinet Secretary for Finance and Local Government’s letter – was extensively discussed with the sector and when transition funding was put in place for Academic Year 2023-24.

Our new Student Mental Health Action Plan, published on 13 September, seeks to move to a mainstreamed approach to student mental health which will help students better access services. Scottish Government will work with NHS Boards, CoSLA, Public Health Scotland and community-based providers to join up support that is already available, embedding students’ mental health needs into the wider communities in which they live and study.

The Action Plan recognises the importance of each college and university having a Student Mental Health Agreement in place, and to enable this, we continued to support NUS Think Positive with £130,000 in 2024-25.

YouthLink Scotland funding settlement

Officials have been working with YouthLink Scotland to establish a robust CLD youth work proposal that demonstrates value for money and is clearly linked to Ministerial priorities. Ongoing communication with YouthLink Scotland has been used to highlight and evidence the necessary due diligence requirements. This is a consistent approach in our assessment of CLD funding proposals.

The approved funding offer of £461k for YouthLink Scotland will maintain the overall financial support that the Scottish Government will provide for CLD youth work when compared with last year, with a focus on learner-centred outcomes and to further the First Minister’s priority in tackling child poverty.

Student numbers/widening access

You have requested further information in relation to the North East Free School Meals pilot and further information on alternative approaches used by universities and colleges, including the Open university, to widen access to their institutions.

North-East Free School Meals pilot

A pan-Grampian data sharing agreement between local authorities, colleges and universities is in place in the North-East of Scotland. This data sharing agreement allows information to be shared between parties in order to improve the outcomes of children and young people living in the local authorities. While this pilot is not scalable nationally given the regional focus of the data sharing arrangements, the learning will be used to inform a national approach to data sharing.

The aim of the pilot is therefore to use this data sharing agreement to achieve the following objectives:

- Improve understanding of the data on Free School Meal (FSM) status and how it interacts with other measures;

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- Provide an opportunity to measure the impact on university admissions of introducing FSM as an additional, individual level widening access metric;
- Help to identify - on a smaller scale - any barriers or risks to implementing FSM data sharing nationally;
- Provide a 'baseline' to help identify how many young people would potentially benefit from introducing FSM as a measure of deprivation;
- Help to develop a method for setting up other regional approaches to widening access; and
- Explore the impact of a collaborative, regional project on positive outcomes for young people in the region, including understanding the benefits of a regional approach.

Partner organisations are currently undertaking the impact assessments required to share data and officials are engaging regularly with partners on this process.

The following organisations are part of the pilot group:

- Aberdeen City Council
- Aberdeenshire Council
- North East Scotland College (NESCol)*
- Robert Gordon University (RGU)
- Scotland's Rural College (SRUC)
- University of Aberdeen

**NESCol are part of the pilot group but will not be sharing or receiving FSM data through the pilot due to differences in the college admissions process at present. However, they are keen to stay sighted on the FSM work to see if FSM could be considered as part of their admissions process. Officials continue to work with NESCol to understand the implications of this work for colleges in the region.*

Alternative approaches

As autonomous institutions, it is for each individual institution to develop their own approaches to equity of opportunity particularly for those students from areas of deprivation. Most take a multi-faceted approach: raising aspirations, supporting attainment and applications, and aiding transitions and opportunities throughout the student experience.

This includes outreach programmes with primary and secondary schools, colleges and communities; contextualised admissions; and financial, academic, co-curricular, extra-curricular and pastoral support for students while at college or university and into employment. Scotland's colleges play an important role in delivering equity of access by offering individuals opportunities for progression and pathways into university.

Some of the approaches taken include:

- Institutions engage with individuals from some of the most deprived communities and under-represented groups in Scotland.
- Educated Pass works with young males from working class communities that play for local youth football teams. Using their commitment to athleticism, they engage the players – and bring relevancy to - school curriculum and societal issues through the lens of football.

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- Staff from the Widening Participation teams deliver schools talks on a range of topics including application advice and attend school parents evenings and higher education conventions.
- Campus experience days or sessions offered to schools from across Scotland who fulfil various Widening Participation criteria.
- Events which offer potential applicants from Widening Participation backgrounds an insight into competitive professional degrees and the subsequent careers.
- Some institutions give school pupils the opportunity to experience studying at university level, develop academic skills in a specific subject area, and improve the quality of their university application.
- Transition support for students entering at Year 1 or articulating into Year 2 or 3 of a degree.
- Colleges and universities work together to provide a service to guide students through the process of transitioning from college to university and help to develop skills and confidence to make the move into university study.
- Pre entry programmes including summer schools to help with transition from school or college
- Scottish Wider Access Programme (SWAP) is a one-year full time access course for eligible adult learners taught at colleges across Scotland that leads to entry to first year undergraduate study.

All higher education institutions take account of SIMD data (those from low socioeconomic groups as defined by the Scottish Index of Multiple Deprivation) for widening access purposes. In addition to SIMD, they also offer contextualised admissions to students who fall within other widening access criteria. The criteria differs between institutions, some examples of factors considered are:

- Care experienced
- Young carers
- Estranged from their families
- Under-represented ethnic backgrounds
- Attend schools and colleges where performance is below the national average, this includes FOCUS West or SHEP schools
- Mature students who have completed a SWAP Access course
- The first in their generation to consider higher education
- Asylum seekers and refugees

Open University (OU) Scotland

The OU is open to everyone, regardless of age, income, geography and background. No formal entry requirements are needed for most undergraduate qualifications or modules, and many undergraduates join without standard university entrance level qualifications.

A key focus of the work of the OU in Scotland is ensuring that people from Scotland's most disadvantaged groups and communities can access higher education. They work in partnership with many third sector organisations to reach people from the most deprived areas, people with disabilities and chronic health conditions, carers, ethnic minority groups, and people with care experience. We recently met with representatives from the OU to discuss possible outreach to the Gypsy, Romany, Traveller community.

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43% of new OU undergraduates are based in Scotland's most deprived areas, according to SIMD data, and almost a quarter live in remote and rural parts of Scotland.

OU's national schools programme helps S6 pupils bridge school to university level study. They collaborate with Scotland's other 18 universities and have formal progression arrangements with 16 regional colleges, as well as various shared teaching models which operate in colleges across Scotland. They are also an educational partner of the Crichton Campus in Dumfries.

Whilst OU admissions, due to being part-time, do not count towards widening access targets (which focus on full-time admissions), the work of the OU is welcomed and appreciated by Scottish Government in moving the widening access agenda forward. We continue to meet with their representatives to develop approaches that recognise the important contributions they make to the tertiary education sector in Scotland.

College asset disposals

Finally, although you have not specifically asked for an update on college asset disposals, I did advise during the session that I would write to you with an update.

At the Colleges Scotland conference in April 2024, the Cabinet Secretary for Education and Skills announced proposed changes to the process for the disposal of assets within the college sector.

Following discussion at the Tripartite Alignment Group and further consideration by officials, I have written to all colleges, through Colleges Scotland, outlining the new proposed approach to college asset disposals. While the intention is for Colleges Scotland to co-ordinate a sector response on the proposed changes, the letter also invites any college wishing to comment to do so directly to officials. A copy of the letter is attached.

Yours sincerely

GRAEME DEY MSP

Minister for Higher and Further Education; and Minister for Veterans

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Refinement to Asset Disposal procedures and guidance

To

College Principals / College Chairs / Colleges Scotland

At the Colleges Scotland conference in April, the Cabinet Secretary for Education and Skills announced changes to the process for disposal of assets within the college sector. This matter has been discussed and progressed within the College Tripartite Group and I thank the attendees of that group for their contributions so far.

The work stemmed from a recognition of the range of essential investment required across the college estate alongside a desire to support colleges to invest creatively and with greater certainty.

The Further and Higher Education (Scotland) Act 1992 (the 1992 Act) provides that college asset disposals are to be carried out only with the prior written consent of the Scottish Ministers.

The 1992 Act also contains a separate function under which Ministers may direct where proceeds of a college asset disposal are to be paid. Such payment must be to an educational charity, in practice a body/institution within the sector.

The changes being considered and set out below relate to assets covered by the 1992 Act and are not incentives to expedite disposals. College boards have an existing duty, under the Scottish Public Finance Manual (SPFM), that they regularly review their estate assets to identify assets that are no longer required. Under the SPFM, colleges have a maximum of three years from identifying the disposable asset to selling it.

In the attached Annex I have set out in more detail the proposed approach on asset disposals to elicit your views prior to finalising terms. Our preference is to receive a sector response through Colleges Scotland, but if you have any additional concerns or opportunities that you would like to note from your individual institution's perspective then please feel free to respond directly to ScotGov_Colleges_Mailbox@gov.scot as well as discussing your views with Colleges Scotland.

Yours sincerely,

Stuart Greig

Lifelong Learning and Skills

Refined Approach to College Asset Disposals

Principles

- College estates are public assets and as such Colleges are required to dispose of unutilised assets within 3 years of their identification and to seek the best possible price for the asset.
- Colleges seeking to dispose of assets require Ministers' prior consent with Ministers able to direct how proceeds are used.
- The proceeds from a college asset disposal may only be directed towards an educational charity.
- Colleges retaining the proceeds of a disposal will be expected to use them towards their educational purposes.
- College governance bodies should be empowered and enabled to dispose of, and invest in, assets to optimise benefits for their individual colleges and the college sector more broadly.
- Colleges with a small estate or without unutilised assets should still be able to access appropriate infrastructure funding
- Disposals should provide college sector wide funding which can support strategically important projects or emergency or unplanned response.

Proposal for assets valued under £1 million

The proposed changes would establish a process around the statutory requirement for Ministers to provide prior written consent to all disposals.

The proposed process would be as follows: the Minister would issue a standing written consent under the 1992 Act which would apply to all disposals of college assets having a forecast value of less than £1 million. This would be sent to the boards of management of all the colleges incorporated under the 1992 Act. It would not be necessary for any additional individual consents for disposals of the type covered by this standing written consent.

It is proposed that the Ministerial standing written consent would also affirm that the proceeds are not required to be directed elsewhere and accordingly the selling college's board of management may retain the funds from this category of disposals for agreed capital priorities.

All colleges will be required to notify SFC of their intention to dispose of assets of a forecast value of up to £1 million and provide information on their proposed use of the proceeds.

Proceeds should be invested in capitalisable expenditure within the college estate which is in line with SFC's capital infrastructure plans for the sector. If the Board of Management wishes to prioritise an item outwith these plans the SFC should be consulted and will provide advice to Ministers.

Proposal for assets valued over £1million

The sale of all college assets expected to generate proceeds in excess of £1million will require specific prior approval from the Minister for Higher and Further Education; and Veterans for each individual asset. Colleges should notify SFC of their plans to dispose of an asset as early as possible. SFC will provide advice to Scottish Government to seek Ministerial consent for disposal at the appropriate time. Ministers will consider this advice from the SFC in reaching a decision on issuing such consents.

In determining the direction of the proceeds of this class of disposals, Ministers will also take advice from the SFC.

There will be a presumption that the SFC will start with an expectation of a 70/30 (selling college/sector) split of the portion of funds generated from an asset sale in excess of £1 million, with the college retaining the first £1 million, in line with assets sold with a value of £1 million or less. In each case, the SFC advice to ministers will require to confirm the default split is appropriate to the circumstances of the disposal and provide advice on any other relevant factors, including where an alternative split may be necessary.

The 70/30 split recognises the current critical and essential nature of investment across the whole college estate and that every college is now effectively a priority.

In each case of a disposal in excess of £1 million, following consultation with the selling college, and in receipt of the SFC advice on allocation of proceeds, the Minister will write to the board of management to confirm the proportion of the proceeds that are to be paid out and where in the sector they are to be directed.

Any assets that were acquired through SFC funding under the Further and Higher Education (Scotland) Act 2005 are not within scope of these proposals. Those assets will be subject to the terms and conditions of the funding applied when it was provided.