



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

### **PUBLIC AUDIT COMMITTEE**

Wednesday 10 June 2015



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**PUBLIC AUDIT COMMITTEE**

**11<sup>th</sup> Meeting 2015, Session 4**

**CONVENER**

\*Paul Martin (Glasgow Provan) (Lab)

**DEPUTY CONVENER**

\*Mary Scanlon (Highlands and Islands) (Con)

**COMMITTEE MEMBERS**

\*Colin Beattie (Midlothian North and Musselburgh) (SNP)

\*Nigel Don (Angus North and Mearns) (SNP)

\*Colin Keir (Edinburgh Western) (SNP)

\*Stuart McMillan (West Scotland) (SNP)

\*Tavish Scott (Shetland Islands) (LD)

\*Drew Smith (Glasgow) (Lab)

\*David Torrance (Kirkcaldy) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

David Belsey (Educational Institute of Scotland)

Audrey Cumberland (West College Scotland)

Mike Devenney (University of the Highlands and Islands Further Education Regional Board)

Dr Michael Foxley (University of the Highlands and Islands Further Education Regional Board)

Ali Jarvis (Glasgow Colleges Regional Board)

Paul Little (City of Glasgow College)

Keith McKellar (West College Scotland Regional Board)

Margaret Munckton (Perth College University of the Highlands and Islands)

**CLERK TO THE COMMITTEE**

Jane Williams

**LOCATION**

The Robert Burns Room (CR1)



## Scottish Parliament

### Public Audit Committee

*Wednesday 10 June 2015*

*[The Convener opened the meeting at 09:30]*

### Decision on Taking Business in Private

**The Convener (Paul Martin):** Good morning, ladies and gentlemen. I welcome members of the press and public to the 11th meeting in 2015 of the Public Audit Committee. I ask all those who are present to ensure that their electronic devices are switched to flight mode so that they do not affect the work of the committee. I welcome to the public gallery members of the Public Accounts Committee of the National Assembly for Wales.

Agenda item 1 is a decision on taking business in private. Do members agree to take items 4, 5 and 6 in private?

**Members** *indicated agreement.*

## Section 23 Reports

### “Scotland’s colleges 2015”

**The Convener:** Agenda item 2 is evidence from two panels on the Auditor General for Scotland’s report entitled “Scotland’s colleges 2015”. We have a full agenda, so I ask members and witnesses to be as succinct as possible. I welcome our first panel. Margaret Munckton is the principal of Perth College, Paul Little is the principal and chief executive of the City of Glasgow College, Audrey Cumberford is the principal and chief executive of West College Scotland, and David Belsey is the national officer for further and higher education at the Educational Institute of Scotland. You are most welcome.

I understand that Mr Belsey has a short statement to make.

**David Belsey (Educational Institute of Scotland):** Having been offered the opportunity to speak for two minutes at the start of the meeting, I could not resist. I welcome the opportunity to give evidence to the committee, and the EIS welcomes the opportunity to consider the report “Scotland’s colleges 2015”.

The EIS has welcomed regionalisation from the start. It has always believed that regionalisation can deliver greater accountability and transparency. To be fair to the Government, although it is regrettable that it always linked the introduction of regionalisation to the making of savings, we recognise that there has been a tight funding environment.

The EIS found the Audit Scotland report disappointing. We found some of the evidence in it to be extremely narrow, and in places it seemed a little uncritical in its conclusions. For example, we felt that the exhibits on the voluntary severance arrangements at the end of the report did not quite match the conclusions. Other issues to do with colleges such as North Glasgow College and Coatbridge College are mentioned at the end of the report, and we felt that the report could have dealt with leadership in the sector with greater clarity.

I note that Audit Scotland’s written submission refers to compulsory redundancies in the sector. I have made some inquiries of my colleagues in the EIS, and we are not aware of any compulsory redundancies among academic staff.

**The Convener:** Thank you for that.

I will start with a question for all the members of the panel. The Auditor General’s report states that the mergers have had a

“minimal negative impact on students.”

Do you have any feedback to give on that statement?

**Paul Little (City of Glasgow College):** We were the pathfinder merger in advance of the Government's reform, and it is now five years since the merger that formed our college. It is interesting that, in the Scottish Further and Higher Education Funding Council's evaluation, when the students were giving evidence they said, "Merger? What merger?" They felt that we had attended to business as usual during the whole change process and that they had not been impacted negatively during that process.

I can attest that the college's performance has improved by some 15 per cent in further education, while the success rate in higher education has gone up by 9 per cent. Whenever talent and technology are pooled and a diverse curriculum is provided in one spot, students really benefit from that. Since the merger, we have obtained more guaranteed places at university for our students than we ever dreamed would be possible before the merger.

Following the pooling of student support staff, the student experience of being in the classroom and being supported has been extremely positive. The most recent student survey said that 93 per cent of the students would recommend the City of Glasgow College as a place to study. Our experience is slightly more longitudinal than those of some of the other colleges, but I can say that the process has been very positive for the students. Therefore, I recognise the truth of the statement that you quoted from the Audit Scotland report.

**The Convener:** The report says that there has been a 12 per cent reduction in the number of teaching staff. Has there never been any occasion on which a student has said, "We're losing lecturers and that's having an impact on the classes that I can attend and the opportunities that I have in the college"? Has a student never said that? Has a student or trade union representative never raised the issue? How do we gauge student opinion other than through surveys?

**Paul Little:** I will finish off and will then ask some of my colleagues to comment.

I walk round the college and meet the students and the staff. I listen to them through the formal channels and through the informal channels. People were unsettled during the change period, but that is normal.

**The Convener:** They were unsettled, but there has been no negative impact on the students.

**Paul Little:** That is correct.

**The Convener:** How do we reconcile the fact that we have a group of happy students who say

that their experience has been pretty positive and who ask, "What merger?" with the fact that there is a pretty unsettled atmosphere in the college?

**Paul Little:** To be clear, there is not an unsettled atmosphere in the college. In any change process, students would want to ensure that they were well communicated with and that they had all the resources to ensure that the questions that they wanted to be answered were answered. By providing written responses, meeting students and engaging with them formally and informally, we ensured that that was the case.

I mentioned the five-year period merely to illustrate the fact that there has been year-on-year progress. During the change process, questions were asked—that is the case in any change process—and the success rates speak for themselves. Students have benefited not just from better outcomes and more guaranteed places at university but from better facilities. During the process, we ensured that they got better facilities.

Our student population is in the region of 32,000 and we try our best to make sure that every one of those full-time and part-time students has the best possible experience.

**Audrey Cumberlandford (West College Scotland):** I am happy to respond to your question, convener.

**The Convener:** Have you had any representations from students to the effect that the merger process had a negative impact on their education?

**Audrey Cumberlandford:** Actually, we have had quite the opposite. Our core business is providing education and training to students, giving them the best possible experience and enabling them to achieve the best possible outcomes.

Like those of the City of Glasgow College, our performance indicators—which are a key measure of the outcomes for students—have improved at both FE and HE levels. That has been substantiated by the funding council's six-month merger evaluation. As part of its evaluation, the funding council spoke to substantial numbers of students who all reiterated that their overall experience was that they had benefited from the merger. I can give you examples of that.

You asked whether we gauge student opinion simply through surveys. Surveys are one small part of how we engage with students in making decisions and are just one way of allowing them to influence what we do and how we do it. Students are involved in college committees and we have very active student associations. Students are also involved in boards, both at sub-committee and full board levels, and there are course teams on which students work with the lecturing staff to develop

courses. There are a variety of ways of finding out how students feel.

**The Convener:** When it comes to the reduction in the number of college places, particularly on part-time courses, how do we consult those students who are no longer at college? I am sure that their experience will not have been positive. How do we find out about their experience? Are they surveyed?

**Audrey Cumberford:** You are correct in saying that the level of part-time provision has been reduced over the past couple of years. That has been the case at West College Scotland.

**The Convener:** That is not what I am asking about. Let us say that I am student who is no longer at college as a result of the reduction in the number of part-time places. My experience will have been diminished. It will have been a pretty poor experience, because I had to leave college. How would you survey me? Not being able to continue at college is a pretty poor experience.

**Audrey Cumberford:** Colleges survey students who leave college as part of our post-course destination analysis. That is the information that we provide to the funding council on where our students go on leaving college.

**The Convener:** For the committee's benefit and for the record, are you saying that you have surveyed students who have had to leave your college as a result of the reduction in the number of part-time courses and that we can get access to the survey results for those students? Is that information provided across all the colleges?

**Audrey Cumberford:** My college has not had students leave as a result of the merger. In fact, the number of courses that we are now offering has increased as a result of the merger and the reform. The number of progression opportunities has also increased and the level and standards of consistent, coherent provision across what is quite a large region of the west have improved. We have teams of students working across the region together with teams of staff in a single college, and there are huge benefits to be gained from that. No student has been forced to leave my college as a result of a reduction in the number of part-time courses, but I have seen a reduction in part-time provision in the college.

**Margaret Munckton (Perth College University of the Highlands and Islands):** Perth College has not been involved in any merger so far.

**Mary Scanlon (Highlands and Islands) (Con):** I will confine my remarks to the subject of the regional boards. I want to look at the benefits and challenges associated with the arrangements and at whether the regional boards and bodies have reduced the level of funding that is available for

the delivery of learning. I also want to look at the quality of the direction, leadership and support that the regional boards are giving.

I am particularly interested in paragraphs 36 and 38 of the Audit Scotland report. Paragraph 36 states:

"Introducing regional bodies has resulted in a complex framework of accountability".

Paragraph 38 states that

"individual colleges have expressed concerns that regional bodies will affect their autonomy. This has the potential to cause tensions and confusion".

I was quite surprised to see that the University of the Highlands and Islands regional board cost £40 million. In addition to my other questions, I would like to know whether that money has been taken away from front-line teaching. I also want to know how the regional board affects the City of Glasgow College and Perth College. Does it enhance the delivery of teaching and learning, and does it impact on your finances?

**Margaret Munckton:** The figure of £40 million was taken from the written submission from Dr Michael Foxley, in which he states:

"Our annual budget is £40M."

That is an income budget figure for all the further education colleges in the region; it is not the cost of the regional board. The cost of the regional board is £200,000 per annum, and that cost has been held since the regional board has been in operation.

**Mary Scanlon:** I thought that £40 million seemed a lot for the cost of the board, but the submission from Dr Foxley refers to "Our annual budget", and he is writing as the chair of the regional board. He seems to assume that it is his annual budget rather than yours.

So, the cost of the board is £200,000. Can you talk about the impact of the regional board on colleges' autonomy and finances?

**Margaret Munckton:** It is fair to reflect that our flexibility and autonomy have been restricted by the colleges coming together as a region for FE. In the Highlands and Islands, we have a long tradition of working together in a university partnership for HE. In effect, before there was regionalisation in the college sector throughout Scotland, we were already working together very well as a partnership.

The rationale behind our individual regional board is, therefore, very different from the rationale that is being used across Scotland. We have a university court and an FE regional board that is a sub-committee of the court—to be pedantic, it is a committee of the court—as well as our own boards of management. So, under

regionalisation, we now have three layers of governance for our FE activity and two layers of governance for our HE activity, and that is causing a lack of flexibility.

We have always acted primarily for our sub-region, Perth and Kinross, and for the benefit of the region, because FE has also been a feeder into HE—it has always been a precursor in curriculum pathways and so on. We are just formalising arrangements more and that is costing us £200,000 a year, of which Perth College pays about £60,000.

09:45

**Mary Scanlon:** In 1999, before I was elected to Parliament, I was a lecturer in the UHI, so I am aware of the very good practice and of how well the colleges work together. However, I have heard from other colleges—not from Perth College—that they feel that some of their autonomy has been lost. When I was a lecturer, we always felt that each region could respond to its own employment needs. Of course Orkney, Shetland, the Western Isles, north Highland and Perth are very different areas. Given the £60,000 that you pay, which I am sure would be helpful in your budget, how do you feel about the additional layers of bureaucracy? You used the word “restricted”. How does that bureaucracy restrict what you can do as the principal of Perth College?

**Margaret Munckton:** There are challenges to the autonomy of our board—and, therefore, to my autonomy as a principal and chief executive—around where our authority lies and where our responsibility starts and stops. Those challenges are being caused mainly because FE is now seen as the responsibility of university courts although, with the best of intentions, university courts do not see FE as their main reason for existing.

We constantly get challenges. We do not get challenges from the FE regional board, which understands FE—it is comprised of all the chairs of our boards of management and some independent members, and it is working increasingly well. However, the interface between that board and the university court is throwing up questions about our autonomy, our responsibility and our accountability.

**Mary Scanlon:** That is helpful. The experience has been different in Glasgow. Perhaps Paul Little can tell us the cost of the Glasgow regional board. How much does your college contribute towards that cost? Do you find the board helpful to the student learning experience?

**Paul Little:** I am happy to give you a written reply on the exact cost—the situation is a bit fluid, but I can give you an indication.

It is true that colleges have experienced a reduction in their autonomy that would not be tolerated by our higher education colleagues. That loss of autonomy is also a result of the declassification of colleges as arm’s-length bodies. In a sense, there is a conflation of those issues.

In Glasgow, we have two levels of governance between the regional board and assigned colleges. However, on a practical level, ignoring the negative headlines that there have been around Glasgow and looking at the specifics of the regional board and the interface with the college, I have not experienced a loss of autonomy at the operational level—in fact, I have experienced the opposite. We have been supportive of the regional board and have helped to set it up. It is still very much in its early days, and the secretariat is presently located at the City of Glasgow College. The Glasgow regional board has had a very positive impact in bringing the three colleges closer together to work in strong collaboration.

Yes, there was a potential impact on funding and finances, but we were fortunate in that the funding council stepped in and funded the regional board directly. In recent times, there has been the potential to top-slice some of our budget to support it, but we are making representations to the funding council to reduce that amount. It is still a matter for discussion and I believe that the funding council is listening to us on that. The funding council continues to provide some of the funding, recognising that it was always the intention, through the guidance, that the college sector would pay for the regional board.

There has been a lot of negative publicity about regionalisation in Glasgow, but behind that there has been a huge amount of development in the colleges, a huge amount of protection of student learning and a huge amount of continued input to the socioeconomic development of Glasgow in responding to needs. We have produced a map of all of that up to 2020, and we have been looking at that closely.

**Colin Beattie (Midlothian North and Musselburgh) (SNP):** The Auditor General’s report is quite positive in most respects. It recognises that college finances were sound, that planning for mergers was good and that the sector had responded well to a period of significant reform. What you are telling us today reflects that. The report also recognises that the colleges continued to meet their targets for learning.

However, it is true that the number of part-time students has dropped, as members of the panel have said. That is in accordance with Government policy to focus on full-time courses that lead to qualifications and—we hope—employment. How significant has the fall in part-time courses been in your areas? Has the number of teaching hours—



the actual hours that are given to courses—been maintained?

**Margaret Munckton:** I can give a straightforward answer for Perth College, where there has been no discernible reduction in part-time learners. We are convinced that we are doing the right thing for our region so, no matter what Government policy determined, we were originally doing the right thing. The balance of full-time and part-time students has been relatively stable—in fact, very stable. There has not been the swing that has been displayed in the rest of Scotland.

As to the number of hours, in order to make ends meet with the cut in funding, the funding council allowed us to go down to 16 credits' worth for a full-time student. In Perth we only went as low as 18. We did not go to 16 because we wanted to protect the student experience. We have taken decisions locally to make ends meet in perhaps a different way from other colleges.

**Paul Little:** We in Glasgow might be slightly different from the rest of the sector, in that 60 per cent of our fundable activity is higher education and 40 per cent is further education. We generate considerable sums of money from commercial and international sources and we will be able to reuse some of that to offset some of the loss of provision in part-time learning.

There is no doubt that the reduction in part-time learning has impacted on leisure learners particularly. There has also been an impact on the opportunity to retrain and reskill. However, we have been focused on supporting Glasgow's economy and, because we are a city-centre organisation, on working with the businesses and learners who need our help, particularly the new citizens of Glasgow. We have worked really hard to protect that. From a Glasgow perspective, the map that we have produced has allowed us to plan an expansion particularly in communities to ensure that work is increased.

The situation is challenging, but colleges are resilient and adaptable. We are focused on Scotland's young workforce but, within our budgets and other capabilities, we are making every effort to protect part-time learners. As I said, the City of Glasgow College has perhaps not had the large part-time learning profile that there was elsewhere.

**Audrey Cumberland:** West College Scotland is responsible for around 10 per cent of the overall provision in colleges in Scotland. Our part-time provision has reduced in the past year. However, we have had a particular focus on our over-25 age group, and the numbers have increased in full-time provision in that group.

**David Belsey:** I add on behalf of staff that there has been a clear move across the sector. The

statistics show that there has been a large cut in the number of part-time students. That will of course disadvantage women and those with caring responsibilities.

It would be unfair to put the cut in part-time students simply down to the merger process. The Government has refocused the sector's priorities more towards preparing 16 to 24-year-olds for the world of work and reducing the number of non-credit-awarding courses, which have been cut. EIS members are very clear that there are fewer courses and that part-time courses have been hit hard.

**Colin Beattie:** The number of women on full-time courses has increased by 15 per cent in the past few years, so there are some positive aspects.

According to figures that I have before me from various sources, the outcomes for students on full-time courses appear to be much better than they have been in the past. More students are leaving with qualifications and more are going into positive destinations, which were the areas that were prioritised and targeted.

**Audrey Cumberland:** As I said, the performance indicators for full-time FE and HE provision at West College Scotland have gone up by 2 per cent and 3 per cent respectively, so the outcomes are improving.

As David Belsey and Paul Little said, the curriculum is being designed around what employers want and need. Work experience is a huge feature of much of the full-time provision by the colleges, and it must be meaningful. That is a positive aspect that has been built into full-time provision, and it involves a major shift in what colleges do.

**Paul Little:** I will not rehearse the statistics on the great increase since the merger but, before the merger, the collective colleges that now form the City of Glasgow College were in essence below the sector average. They are now above the sector average—in fact, we are now ranked third in Scotland in further and higher education. That is a huge opportunity for and advantage to students when they come to the college. They and their parents and teachers can be assured that they are getting education of an even higher quality than they would have received before the merger.

**David Belsey:** Full-time students have come out of the recent changes better than part-time students. As has been said, completion rates are up in most places, and there is work on widening access to universities and greater articulation—an agreement was signed with the University of Glasgow only a few weeks ago. For full-time students, there are elements of good news.

**Mary Scanlon:** Margaret Munckton and Audrey Cumberford said that there had been no reduction in the numbers of part-time students. However, exhibit 5 on page 25 of the Auditor General's report shows that, from 2008 to 2014, there was a reduction of 150,000—a 48 per cent reduction—in the number of part-time students, and a 41 per cent reduction in the number of students over 25. If there has not been a reduction at Perth College, at Paul Little's college or at Audrey Cumberford's college, there must be huge reductions elsewhere, given what the report states.

**Audrey Cumberford:** The part-time student head count has reduced at West College Scotland. What has increased is the number of full-time students who are over the age of 25.

**The Convener:** To be clear, the question that was asked was on part-time courses. Can Paul Little confirm what the reduction in numbers has been at his college?

**Paul Little:** Because the figure is over five years, I cannot confirm it now, but I will send the committee written confirmation.

**The Convener:** Are there recent figures from the past year? Something must have been presented.

**Paul Little:** The merger was carefully planned to accommodate the development of our new campus because we are largely a full-time college. We had part-time provision, which we protected, so that provision has not been significantly cut other than in leisure learning, but that always involved a very small percentage of the volume of students.

Mary Scanlon is asking where the 48 per cent reduction took place. The funding council can certainly answer that question, and Colleges Scotland can provide more of a written detailed answer. For my college, the reduction has not been significant, but the member is right that there has been a reduction overall.

**The Convener:** Can you clarify your point about leisure classes?

**Paul Little:** They are non-accredited courses—

**The Convener:** Are they the hobby courses?

**Paul Little:** The hobby courses, if you will. They are important courses in lifelong learning—

**The Convener:** So why would you call them hobby courses? Are they less important because they are not accredited? Is that how colleges look at it?

**Audrey Cumberford:** No.

**Paul Little:** No—actually, I call them leisure courses. Hobby courses are—

**The Convener:** That is what a minister referred to them as.

**Paul Little:** I would call them leisure courses.

**The Convener:** Do you disagree with the use of the term “hobby courses”?

**Paul Little:** In the past, lifelong learning has been the route to wider access. I would not want to disagree with the minister. I would say that we would call them leisure courses.

10:00

**Margaret Munckton:** I will offer some statistics that we pulled together as a regional body. In the Highlands and Islands, the part-time student numbers were 28,000 in 2011-12, 27,000 in 2012-13 and 28,000 in 2013-14. The number of part-time students has not reduced in the Highlands and Islands.

**The Convener:** To be clear, we are looking for information from the two other colleges here that clarifies whatever reductions have taken place, but your understanding is that your reductions have been minimal and that we should look at other colleges that have reduced their courses.

**Tavish Scott (Shetland Islands) (LD):** Let me drag you away from hobbies and on to money. I ask the City of Glasgow College and West College Scotland what the costs of the mergers were.

**Audrey Cumberford:** The merger integration costs—things such as due diligence, estates work and integration of systems—were around £1.5 million. We spent £1.5 million on software and hardware associated with the integration of major systems, which included our student records system, human resources systems, student funding systems and payroll systems. A further £5.4 million was spent on voluntary severance for staff.

**Paul Little:** For the City of Glasgow College, there have been cumulative savings of £26 million since the merger.

**Tavish Scott:** I want the costs, not the savings. I will come on to savings, but I am asking about the costs.

**Paul Little:** The cost of the merger was in excess of £5 million.

**Tavish Scott:** Forgive me—how much in excess was it?

**Paul Little:** We were in a different position, because we had funding from the Scottish funding council that was not available to the other colleges. We had provision, for example, of more than £4 million for severance costs. In essence, our working figure was about £6 million.

**Tavish Scott:** Were you asked to provide those figures to the Scottish funding council and to the Government?

**Audrey Cumberford:** Yes.

**Tavish Scott:** You will therefore have been puzzled, as I was, to read in the Audit Scotland report that neither the Scottish funding council nor the Government could provide Audit Scotland with the costs of mergers, when you provided that information—I am grateful for it today—to those bodies. You obviously did that.

**Audrey Cumberford:** Yes.

**Tavish Scott:** Were you asked to provide to the funding council and the Government the information on the specific costs of the mergers that you have helpfully given this morning?

**Paul Little:** I think that the funding council has those detailed figures, as it worked closely with each college to provide the funds. Perhaps the issue is that mergers are in transition. I mentioned that we are five years past merger. Because mergers happen in phases, perhaps we would say that the first phases of merger are now complete, but those bodies are saying that the more recent mergers are not complete.

**Tavish Scott:** There is a question that we can pursue in another way, but I am grateful that you were able to provide the costs, which is in stark contrast to the evidence that we heard when Audit Scotland spoke to the committee.

Mr Little mentioned savings, so I will ask about them. The Audit Scotland report says that £50 million of efficiency savings per annum are to be achieved from the 2015-16 financial year forward. I appreciate that that is for the whole sector. I am sure that you are familiar with the fact that Audit Scotland says that there was no evidence for that. Can you help the committee with any evidence on savings?

**Audrey Cumberford:** Yes. We are clear that, to date, recurring annual savings have been £5.5 million, which relates to VS. There is about £500,000 in savings that relate to things such as licence agreements and contracting—for example, bringing three contracts into one. We are looking to make further savings on our estates and from other contract opportunities when the three legacy college contracts come to an end, and we are renegotiating single contracts with some of our suppliers. There are still savings to be made, but those are the initial savings in the first two years of the merger.

**Tavish Scott:** Are those savings per annum? You have described a number of items that are possibly one-offs, which I can well understand. Are the savings recurring?

**Audrey Cumberford:** Yes—our payroll has been reduced by £5.4 million.

**Paul Little:** Perhaps I can give some context. On merger, the City of Glasgow College made up about one tenth of the whole sector—it was responsible for about one in ten students. The savings of in excess of £5 million that I mentioned are in line with those for the sector overall.

It is important to recognise that, as David Belsey mentioned, the mergers did not happen in isolation but were conflated with Government reform, regulation and reduction. The money that we have potentially saved by merging has been offset by the continuing reduction in revenue funding for the college. In a sense, having taken a bold step forward, we have stood still.

**Tavish Scott:** Are you saying that the way in which we should look at the £50 million of savings that the Government says have been made and will be made from this year onwards is by considering the SFC's reduction in support for the sector and the savings that you have carefully and helpfully identified to the committee?

**Paul Little:** We need to factor in the wider revenue funding and the gap that is beginning to emerge in student support funding. The challenge is to keep it in mind that mergers were part of the reform programme but that reclassification and the loss of parity with higher education funding have also had an impact on the colleges. Since the merger that involved my college, the colleges have had diminished revenue funding year on year, which has been most marked in recent years.

**Tavish Scott:** How much has revenue funding for the colleges been cut back in relation to what the predecessor bodies would have had in 2015-16? Perhaps you could write to us with that information.

**Paul Little:** We will write to the committee but, to give an indication, since the Glasgow merger there has been a 12 per cent reduction for the sector.

**Tavish Scott:** Is that across the sector?

**Paul Little:** Yes.

**Tavish Scott:** This is the Public Audit Committee, so forgive me for concentrating on the numbers. Are your colleges' savings audited by professional bodies?

**Paul Little:** All colleges are audited internally and externally. They have internally appointed auditors and separate externally appointed auditors. There is robust, careful and diligent auditing.

**Tavish Scott:** Good—that is helpful. Are those audits provided to the SFC and therefore by definition to the Government, so that there is

absolute clarity about not just your college but others?

**Paul Little:** Yes—that is correct.

**Tavish Scott:** That is helpful.

**Nigel Don (Angus North and Mearns) (SNP):** Since we are talking about money, I will pick up on an issue that comes to me quite often when I am wearing my engineer's hat. I will give two examples of college courses to make the point. If a college wants to teach somebody to cut hair and uses me for that, in a couple of weeks my hair will have grown and the learner can cut it again. There is no significant cost in that. On the other hand, if a college wants to teach somebody to put cement round bricks, it will finish up with a wonderful looking wall but not with a set of bricks that can be used next time. More bricks have to be bought.

Many engineering courses—but not uniquely those courses—are more expensive to run than some other courses, for precisely that kind of reason. To what extent do you feel pressures to provide or not to provide courses simply because they cost more to put on?

**Margaret Munckton:** We recycle the bricks.

**Nigel Don:** In that case, they were not put together very well.

**Margaret Munckton:** We recycle the mortar, too. We have a machine that remixes the used mortar. That takes a bit of time and effort, however, so the point is well made.

The revenue funding in the FE teaching grant was weighted more for the higher costs of delivering certain subjects, such as engineering. That weighting has changed and we are now approaching a simplified funding model, in which there will be five subject funding categories. We are at the early stages of that.

I do not believe that there are any case studies available on how the new funding methodology will support us to fund higher-cost programmes appropriately. It is too soon after the change of funding methodology.

**Audrey Cumberford:** I do not have concerns about the scenario that Nigel Don described, because the funding methodology allows flexibility. A college manages its own resources and curriculum portfolio. Some of the portfolio is less expensive to deliver and some is more expensive, and the two can balance.

**Paul Little:** I can give some reassurance from Glasgow. In just over 10 weeks' time we will be taking delivery of a £60 million campus. A core part of that campus is engineering—marine, renewables and mechanical engineering. We are playing our part in the renaissance of engineering in Glasgow. We have developed a science,

technology, engineering and mathematics centre in association with the local schools and we are working carefully to maintain the balance between providing important hairdressing courses and important engineering courses.

**Nigel Don:** I do not doubt the importance of all of the courses, but the point is well made. I hope that the brickies remember to use the right mortar when they get out there and build real houses. [Laughter.]

**Drew Smith (Glasgow) (Lab):** I appreciate that the situation in the west and in Glasgow is different from that in Perth because of the merger experience in the west and in Glasgow, where the process started earlier with the formation of the City of Glasgow College, while Perth College has not had a merger as such. However, you all paint a fairly rosy picture of the process that you have been through, so presumably you would not have any concerns about a further process of mergers in the sector. If we let things settle down, could we do the same again and save more money and make more improvements?

**Audrey Cumberford:** I am not sure how to answer that question. If I understood it correctly, there is no question—I think that the report makes it quite clear—but that the sector as a whole has been hugely successful at reforming over a short period of time and within an environment and context that is complicated and multifaceted in terms of the changes that we have had to cope with. There is no doubt in my mind that being a regional college across the west region has given the vocational system in the west a far greater level of influence and authority. It is helping to raise the value of vocational education, which is a key objective of the sector and, I am sure, of many individuals round this table.

Could I go through this amount of change again in the next 18 months? I am actually only 21 years old, so I have aged considerably. There is no question but that it has been challenging for me personally and for the senior teams and the staff as a whole in the college. Going through change is never easy.

Now that the dust is settling, it is important that we maximise the true benefits of being regional colleges and having a regional structure. It is also important that we continue to work through the challenges relating to the reclassification and what that is presenting, and the on-going challenges with the funding situation that we have.

Meanwhile, we also need to maintain and deliver the targets and the activity that the Scottish Government expects of us. A quick example is developing Scotland's young workforce. That is a key Scottish Government priority, and a key college priority in terms of working with young

people in schools. The challenge is that the colleges have a huge role to play in delivering against the priority of developing Scotland's young workforce, but there are difficult choices and decisions to be made. What should our provision geared towards that particular policy area be? What we decide about that has an impact on the choices that we have to make elsewhere. Colleges cannot do everything and be everything to everyone with a limited resource.

**Paul Little:** I have just recently come back from America and I wish that I could claim the fifth amendment when it comes to Glasgow, because Glasgow is very much in the headlines. What has been shown is that the three colleges in Glasgow have worked increasingly collaboratively and very closely together. As I indicated earlier, we now have a map for the shared curriculum right across Glasgow until 2020. We are busy trying to ensure that we deliver against that map over the next few years.

From my own experience—I have had well over 15 years of involvement in mergers and have seen different mergers in different jurisdictions—I know that all mergers are context specific. If there is a clear need, clear benefits and a clear vision that is well articulated, there could potentially be further mergers. However, in Glasgow we are busy bedding in the existing mergers and trying to ensure that the collaboration that is taking place benefits not just the students but the economy of Glasgow. If we are able to achieve that over the next period, I would be content with that.

**Margaret Munckton:** My response to the question is that some of the fundamental principles of the college regionalisation were to remove duplication, to increase the sharing of services and to increase the coherent voice of the sector. I do not think that that was a Government priority, but the ability to promote with a coherent voice the benefits that the sector brings to the economy and to lifelong learners is certainly something that we took out of regionalisation.

We have not been part of the merger process. I really do not know what the trajectory in the Highlands and Islands will be, but there are still a lot of individual institutions in that area. As an economist, I would say that there is a tipping point between economies of scale and diseconomies of scale. It is a case of making a judgment about when an institution is too big to focus on its front-line production—the provision of healthy and appropriate learning opportunities for the people of Scotland.

10:15

**Drew Smith:** I am quite interested in finding out what the EIS perspective is. The principals tell us

that savings can be made and that they are not too concerned about the reduction in the number of part-time learners, because it aligns with the Government's priorities. Could we make even more savings in the sector by getting more people to work together? Is that doable?

**David Belsey:** Audrey Cumberford mentioned that West College Scotland had made savings of around £5.5 million, mostly through voluntary severance. That means that the college has fewer staff. According to some of the metrics, the same FE activity is being delivered to the same quality; the Auditor General's report makes it clear that quality in the sector has not dropped. Therefore, the pressure has fallen on the shoulders of the staff across the sector—management and teaching and support staff. The workload has increased, there are larger classes and fewer hours are being allocated to the delivery of some courses. Absence rates have gone up.

The answer to your question is possibly yes. There are always efficiencies to be made, but that will come at a cost, and it is the staff who will bear that cost. The EIS is hopeful that there will be an opportunity for the present round of mergers to consolidate and that, if there are any future mergers in the offing, they will be carried out over a more drawn-out period of time and that they will be better planned, because some of the recent mergers took place rather quickly.

**Drew Smith:** Are the principals able to give us an indication of what is happening to their absence rates?

**Audrey Cumberford:** I do not have the exact figure but, from memory, it is pretty stable.

**Drew Smith:** You do not recognise a trend associated with mergers; that has not been your experience.

**Audrey Cumberford:** No—I agree with what David Belsey said. There has been significant change, and it is to the staff's credit that they have kept the focus on what we are here to do, which is to provide learning and teaching, despite the turmoil around them. That focus has not been lost. In the case of my college—and I know that this has been true in other colleges—the staff have been very positive and have embraced the opportunities that working as part of a college of increased scale with enhanced capacity has given them in terms of course materials, sharing teaching practice and sharing best practice. Lecturers and support staff across the college have been very quick to grasp the opportunities that that has presented.

**Paul Little:** Mergers can be painted as very difficult and, on a personal level, I have found that to be the case.

Absenteeism has never been a major feature or a concern. Obviously, we monitor it. We have to balance that against the opportunities that the merger has given all our staff. All our staff have had an increase in their pay. We now pay the living wage to the lowest-paid members of staff. The salaries of the lecturing staff have all been harmonised. At the lecturing level, they were harmonised at the highest level. At the promoted level, there have been many more opportunities—there have been opportunities in the challenge of management and professional development opportunities.

In one sense, there has been a huge amount of change and a huge amount of pressure on staff, but they have risen to that challenge. College staff always do, and we are very proud of what they do. Provided that we can continue with any change in a phased, managed and, where possible, supported way, David Belsey is right. If the Government continues to support any change—whatever it is—at the levels of support that we received, the transition to the new change will be much better than perhaps the more condensed change that happened after our merger.

**Margaret Munckton:** It is fair to say that the significant threat to the learner or student experience and to the burden on staff is the continual funding cuts that the sector is experiencing. Perhaps the issue is not the mergers per se but the fact that we have all as a collective had to make efficiency savings of 12 per cent in real terms over the past four years.

**Drew Smith:** One of our frustrations or concerns about the report that the Auditor General has put in front of us is that, quite understandably, it does not give us the experiences of people who are now outside the system or people who would have been in the system under previous models but who no longer have that opportunity. The convener mentioned that. I am particularly thinking of women who might have been more attracted to part-time study and older learners returning to learning, with the focus on young people. Whose job is it to stand up for the principles of lifelong learning, for example? Is it the job of college principals to advocate the case for lifelong learning? Are you quite comfortable that you are focused on delivering the Government's priorities and that that is what you are funded to do?

**Margaret Munckton:** That is absolutely a priority for the principals, chief executives and boards.

**Paul Little:** We continue to lobby the Government and policy makers in private in that particular area. We believe in lifelong learning. As educationists, we see the benefit of lifelong learning, and we certainly see the benefit for female learners in accessing education. As I

mentioned earlier, it is also beneficial in retraining and reskilling. However, we also realise that we are in very challenged times and priorities have to be made. As public servants, we are trying to create a balance and focus resources on the current challenges.

We raise that issue privately and continually. The committee should rest assured that, although lifelong learning may not get the headlines, we as educationists see the benefit of it. I have always seen the benefit of it, and I continue to make that case.

**The Convener:** I have a request and a question. It would be helpful for the committee to get information from the three principals on absence rates in percentage terms over the past three or four years.

My question is on the challenges that are faced in mergers. The point was made that savings could be made through possible workforce redundancies. Have there been any compulsory redundancies? Are there any plans from any of the principals to implement compulsory redundancies?

**Audrey Cumberland:** There have been no compulsory redundancies in West College Scotland.

**The Convener:** Are there any plans for them?

**Audrey Cumberland:** There are no plans for them.

**Paul Little:** There are no plans or intentions for compulsory redundancies in the City of Glasgow College. On merger, we offered a three-year employment guarantee for staff, and that continues.

**Margaret Munckton:** There have been no compulsory redundancies in Perth College, and there are no plans for them.

**David Belsey:** Voluntary severances are sometimes great on paper, but individuals who have been given those deals with the additional money that the sector has been spending on voluntary severances have often expressed to EIS representatives that they do not think that the process is voluntary. I am sure that many people are pleased to have taken voluntary severance money and left the sector, but others did not want to leave it. Financially, they had no alternative but to accept the deal because it was better than the contractual deal. A little bit of care must be taken around the term "voluntary severance", because some people may have felt that they were forced to leave and had no choice.

**The Convener:** Can you give any specific example of that, without naming names?

**David Belsey:** I have spoken to individuals who felt that they had to go because the deal that was

offered by the college was far better than the statutory redundancy payment that they would get if they stood and tried to fight it.

**The Convener:** That is despite the fact that there is now a policy of no compulsory redundancies.

**David Belsey:** A policy of no compulsory redundancies does not exist in all colleges in Scotland. Paul Little has quite correctly referred to the policy in the City of Glasgow College. To my knowledge, not every college has a policy that it will not make people compulsorily redundant. A letter from Michael Russell as cabinet secretary some time ago stated that he did not expect any college to make compulsory redundancies.

**Stuart McMillan (West Scotland) (SNP):** Mr Little, you mentioned marine engineering at the new campus. Will that focus on commercial and industrial courses only, or will there be opportunities for leisure courses too?

**Paul Little:** There will be some opportunity, but there is less of a demand for that in engineering.

The provision is at the Riverside campus. We have six faculties, one of which is engineering. We are delighted to have been able to secure a new campus through the non-profit-distributing model. We take delivery of that in about 10 weeks and we take delivery of the city campus next August.

We will work closely with the local schools to provide access to engineering and we will work closely with the local community in the Gorbals and the wider Glasgow community, but we have planned the campus primarily for full-time education, while ensuring that there is provision to allow expansion. We have additional space on that campus so that in future we can continue to expand.

**Stuart McMillan:** That is helpful.

Paragraph 46 of the report highlighted that

"In 2013-14 ... colleges transferred a total of £99 million into"

arm's-length

"foundations".

In its submission, the EIS said that it was

"surprised that the Report has not commented on the move of £99m of public money to independent bodies outwith the public sector and not subject to public sector scrutiny."

Have the colleges asked for any of that money from the foundations?

**Margaret Munckton:** Yes, we have. Perth College opted to use the Scotland-wide arm's-length foundation. We have withdrawn funds twice, once very soon after our initial deposit in April 2014 and once in March 2015. The process

that we went through was very robust and appropriate. Questions were asked about why we needed the cash at that point and the use to which it would be put. We were able to answer the questions fully and we received the cash in our bank account as a consequence.

We are now at the stage of letting a contract to a construction company for a major capital build on campus, and the remaining funds in the arm's-length foundation will be drawn down in accordance with that project plan. All of our funding that remains in the foundation will be withdrawn over the next 12 months for that project.

**Audrey Cumberford:** West College Scotland made one transfer to the arm's-length foundation and has made one withdrawal. It is not our intention to make any more transfers to the foundation. Last year, we made a surplus of £12,000.

10:30

**Paul Little:** The creation of arm's-length foundations was, in essence, a technical response to the reclassification of colleges in order to protect the colleges and to secure and safeguard moneys. Under the reclassification, colleges are no longer to run a deficit—planned or otherwise. It was to protect our money, as we had in excess of £19 million committed as our contribution to the overall £228 million for the new campus. It was essential, because we had a 25-year contractual obligation, that we had moneys available for that. The arm's-length foundation was a workable solution to that.

We put £11 million into a sector foundation and a separate £10 million into a college arm's-length body. We have made submissions to both those trusts. As Margaret Munckton said in relation to her processes, those were open, robust and rigorous submissions. We received in full the money that we bid for from those trusts.

**Stuart McMillan:** Mr Little and Ms Munckton mentioned capital issues. Are the moneys that you have put a bid in for solely limited to capital projects or could you put in a bid to obtain money to use to fund courses?

**Margaret Munckton:** In our case, what we can invest in is restricted—it should not substitute for recurrent funding and it should be a one-off. The investment is not necessarily restricted to capital, but that is the easiest category that fits the situation. If we wanted to start up a new team or make a one-off investment that would benefit staff and students, that, too, would be looked on favourably. However, the main category of one-off, non-recurrent investment is capital investment.

**Paul Little:** I reiterate that the technical response to the reclassification of colleges was to protect moneys. In our case, that related to capital. Although the constitution of the Glasgow foundation allows for non-capital revenue, there was no intention to set up that fund to subsidise courses that are Government funded or which we could fund through our own commercial and international income generation. As I have said, we generate about 40 per cent non-funding council moneys, which we would use to support the funding of the courses. In the Glasgow foundation's constitution, the provision has focused on not duplicating the fundable courses that are delivered in the college.

**Stuart McMillan:** When I was a member of the Local Government and Regeneration Committees, arm's-length organisations regularly came up as an issue, particularly in relation to their scrutiny. In recent years, there has been a demand for freedom of information to be extended to include those organisations. In the past year or so, that was undertaken in a limited fashion. Should the arm's-length foundations that we are talking about be included under freedom of information legislation, bearing in mind that public money is being utilised?

**Margaret Munckton:** I am not sure that it is public money that has been lodged in arm's-length foundations. In the case of Perth College, a lot of the money was commercially generated. We have one of the lowest dependencies on public money across Scotland; we are 55 per cent dependent on public money. I am not sure that we could audit exactly what the root of the money that we lodged was, but it will be a mixture at best. I believe that, in the public interest, freedom of information should extend to any body that is involved in the public sector, including ALFs.

**Audrey Cumberford:** What is important to me is not only that the accounts are subject to annual external audit and company reporting requirements but that the articles of association that are associated with that are such that the resource can and should be used for the benefit of students studying vocational further education in the west of Scotland.

**Paul Little:** The important point about arm's-length bodies is that the trust that oversees the arrangement, which is subject to regulation by the Office of the Scottish Charity Regulator, has no full-time staff. I would hate to think that an unintended consequence of excessive freedom of information requests would be that the trust would have to generate some sort of secretariat. As Margaret Munckton said in relation to Perth College, the moneys that have been set aside at the City of Glasgow College have been generated primarily through commercial and international

income over many years. Given that the trusts are subject to audit and to regulation by OSCR, I remain to be convinced at this stage of the need for them to be subject to FOI legislation, for the reason that I identified.

**David Belsey:** In the interests of accountability, the money that is generated by the FE colleges, no matter what the route, should be subject to FOI requests. I note that surpluses that are generated by colleges from now on in, no matter what the source of that revenue, will in future be returned to the Government at the end of the year. It is important to mention that, even if there are large sources of private income and commercial activities—which we are not against—that work is still being carried out by college staff, who are public employees.

**The Convener:** I would like some clarity on that point from Margaret Munckton. Perth College is relaxed about the idea of the arm's-length bodies responding to FOI requests. You would be comfortable with that proposal.

**Margaret Munckton:** Well, I have listened to Paul Little's reasoning, and I would not like to see an overhead being incurred by the Scottish foundation. However, we are, as public bodies, FOI-able, so the information could be obtained by making an FOI request to us for details of all the donors.

**The Convener:** Just for clarity, the FOI legislation provides for dealing with vexatious requests, which also relates to the associated costs.

**Margaret Munckton:** Yes, it does.

**The Convener:** Given the organisations that we are talking about, and the wealth of experience around them, it would not be impossible for them to respond to FOI requests, would it?

**Margaret Munckton:** There are other routes under FOI legislation by which that information can be obtained.

**Paul Little:** It is important to realise that the arm's-length trusts and foundations are independent of colleges.

**The Convener:** So they do not receive any support from colleges.

**Paul Little:** They do not receive any—

**The Convener:** No support, nor any direct—

**Paul Little:** They do not receive any secretariat support from colleges; they have their own support that they use, which is nothing significant.

**The Convener:** When you talk about support, are you saying that they do not receive public money?



**Paul Little:** No—my understanding is that the moneys that have been put in the two trusts of which I am aware have been generated primarily through commercial and international activity. That is committed money.

**The Convener:** You say “primarily”, but there are still public funds involved, are there not?

**Paul Little:** Well, you can imagine that, over many years, there has been a mix. The City of Glasgow College receives millions of pounds that it generates from commercial and international activity, so it is difficult to disaggregate that from reserve-type public moneys that have been built up over that period. I stress the point that arm’s-length trusts are staffed by volunteers and trust members and do not have any full-time members. If there were a persistent number of FOI requests, I could envisage the chairman of the trust or the trust itself deciding to develop a part-time or even a full-time secretariat. That would then diminish the money in the trust, which would ultimately have an effect when any college bid for that money, as there would be less money there. My position is that I remain to be convinced of the merits of FOI in this case.

**Colin Keir (Edinburgh Western) (SNP):** I want to pick up on what you said earlier, Ms Cumberland, about the articles of association. You said that the arrangements were made in a true and proper manner. Who checks the articles of association when a trust is set up?

**Audrey Cumberland:** The articles of association were created based on guidance that was provided by the funding council, in addition to separate legal advice. I can give you an exact quote from the articles of association of the arm’s-length foundation in the west. They state that the objectives of the foundation are

“support of students at West College Scotland and the advancement of further education generally for the benefit of the general public in the West region”

and

“the advancement of citizenship and community development.”

**Colin Keir:** I just wanted to get an idea of whether every ALF is using the same terminology or whether there are differences, and how one can check that the articles of association are appropriate.

**Audrey Cumberland:** I cannot answer that specifically, but I would be surprised if they were not similar.

**The Convener:** Thank you. On behalf of the committee, I thank the witnesses for their contribution this morning. We will follow up via the clerk on the requests for information.

10:41

*Meeting suspended.*

10:49

*On resuming—*

**The Convener:** I welcome our second panel of witnesses to discuss the report “Scotland’s colleges 2015”. Dr Michael Foxley and Michael Devenney are chair and vice principal respectively of the University of the Highlands and Islands further education regional board; Ali Jarvis is interim chair of Glasgow Colleges regional board; and Keith McKellar is chair of West College Scotland regional board.

I understand that we will hear a brief statement from Dr Foxley.

**Dr Michael Foxley (University of the Highlands and Islands Further Education Regional Board):** I wish to add to my written submission by briefly mentioning the context of the University of Highlands and Islands. More than 20 years ago, the colleges and other public bodies came together to try to create the university, and they have been working together ever since. University status was achieved in February 2011; we have a federal collegiate model, with the intention of working together regionally.

The exciting thing in the Highlands and Islands is that someone can turn up for a leisure or—dare I say it—hobby course, gain a bit of confidence and then start an FE course and go on to get a job or do an HE course. Those of us who go to graduation ceremonies see people who have clearly been through that progression, and that is the great thing about the University of the Highlands and Islands.

**Mary Scanlon:** I know that all of you sat in on the previous session, so I do not want to repeat myself too much.

Paragraph 36 of the Auditor General’s report states:

“Introducing regional bodies has resulted in a complex framework of accountability”,

and paragraph 38 states that

“individual colleges have expressed concerns that regional bodies will affect their autonomy.”

The report also says that “effective leadership” is needed and so on. Some colleges seem to function well without a regional board, but as a Highlands and Islands MSP, I have picked up concern among colleges in the Highlands. Are regional boards really necessary? Do they affect autonomy? What did Margaret Munckton mean when she used the word “restricted”? You obviously heard about the three layers of

management in FE and the two layers in HE; that seems to be a very bureaucratic model for UHI.

**Dr Foxley:** I will try to explain, because the issue is complicated and complex. Twelve colleges across the Highlands and Islands deliver further education, and the chairs of those colleges come to the further education regional board along with two independent members and other members from Highlands and Islands Enterprise, Skills Development Scotland and local authority directors of education. The principals also meet regularly as a further education executive board.

Things have changed with regionalisation, and my purpose now is to achieve a single voice for the Highlands and Islands in further education. Because 10 of the regions have only a single college, with one chair and one principal, it is easy for them to have a single voice. For us, though, it is all about working together, and I will give you some examples of what we are doing. For the past two and a half years, I have been the FE regional lead and chair. Until 18 months ago, there was no curricular map in the Highlands and Islands about who was doing what and where; now, for the first time ever, we have an FE curriculum plan across the Highlands and Islands. That plan is for a year, but we are progressing to a three-year plan.

Collectively as a team, we have done a lot of work on rurality, which involves significant funding for the Highlands and Islands and making a joint case for rural colleges and rural students. For the first time ever, we have commissioned work on rural deprivation. The fact is that social inclusion funding goes to the Scottish index of multiple deprivation 20 and 40 areas. We have significant rural deprivation; we have the working poor; and we have people who have to travel 50 or 60 miles using their own transport or on ferries to access a college course. There can be distance learning, but someone who is learning how to lay bricks needs to be there in person. For the first time ever, we are exposing the extent of that rural deprivation. Moreover, we have created an estates plan for the entire Highlands and Islands; the last one is six years old and is clearly not fit for purpose.

All of those work streams are done collectively with the chairs and principals, but they require leadership. The aim is to grow the needs for the region. I should also say that we have managed successfully to challenge some of the constraints of the Office for National Statistics reclassification with regard to commercial insurance and the co-alignment of the academic financial year.

Finally, let me return to Perth College and Margaret Munckton—who now owes me lunch. The Highlands and Islands skills investment plan excluded Perth, because it is in the Tayside and Dundee areas. Mike Devenney and I, Perth

College and Margaret and the then chair worked hard to ensure that the first part of the Tayside plan from Skills Development Scotland included the Perth college catchment area. We needed that information in order to have a comprehensive and cohesive Highlands and Islands plan. Equally, work was done behind the scenes to provide European funding for the Perth catchment area. I am therefore aware of the potential costs and overheads and I do not want to take any money away from students but we have to work as a region—indeed, I have given you a few examples of how we are doing that—because we need a voice for the Highlands and Islands.

**Mike Devenney (University of the Highlands and Islands Further Education Regional Board):** We are where we are in relation to the three layers that Margaret Munckton referred to. One has to understand the genesis of that situation, which became unavoidable and inescapable at a given point when it was decided that, rather than create a new fundable body for the Highlands and Islands, the university's existing fundable body status should be revoked. That is how it emerged.

Just because we have the university court, the committee of the court that is called the FE regional board and the college boards, that does not mean that the burden should be excessive. Far from it—it needs to be minimised. I recall that at the first shadow board meeting in December 2012 one of the principles that we established was to seek to minimise the bureaucracy associated with the onset of regionalisation and the formation of the regional board.

Before my current position, I was principal of one of the assigned colleges—Moray College—for eight years, so I have seen the matter from both sides. When I came into my position on 1 August 2013, I said that we ought to operate on the basis of distributed leadership and responsibility. That is very much not only what I preach but what we try to practise. In other words, much of what happens in the region is led and accounted for by other principals and senior managers from the colleges.

I understand Margaret Munckton's point, and we acknowledge that there are tensions. If we go back to the Audit Scotland timeline, we see that 1 August 2014 was the point at which the university formally became the regional body. Since then, other things have happened and the eight colleges have been assigned, but there is still unfinished business in relation to, for example, the financial memorandum, which we are working on at present. It is fair to say that those matters have caused some tensions and even disagreements, but that is to be expected and is, in fact, quite healthy. I hope that, when the dust settles, people

will be reasonably satisfied with the balance that has been struck.

**Mary Scanlon:** I have listened carefully to your answers and neither of you has answered my question on autonomy. Prior to my election in 1999, I was a lecturer, and I know that each of the 12 colleges in the University of the Highlands and Islands preciously protected its autonomy to respond to local skills needs, which differ between the Western Isles—where Lews Castle College is based—Shetland, Inverness and Perth.

Going back to Margaret Munckton's use of the word "restricted", I know that you have mentioned what you do—and I note that research was being done on rural deprivation 17 years ago—but do the colleges still have the autonomy to determine the courses that they provide and how they spend their money? I have heard of a college applying to the board to provide a course that it thought was essential in its area and, I think, being turned down. That is the background to my question. Are you dictating to colleges what they should do in an area that is 44 per cent of Scotland's land mass, or are you working with colleges to ensure that they still have the autonomy that they had in the past?

**The Convener:** I should have said this earlier, but I must ask the questioners and witnesses to be as succinct as possible so that we can get in as many questions as possible.

11:00

**Mike Devenney:** I would argue that, in further education, colleges are still very much autonomous. If we look at what we would regard as the other side of the business, we will see that there is much less autonomy in higher education than there used to be. In fact, there has been much less autonomy since 2001, when UHI was designated.

I will give you a specific example. One of the regional board's responsibilities is to monitor the colleges' performance. Under that heading, we monitor the colleges' financial performance, and we monitor quality. The key word here is "monitor". Monitoring is important—it is almost a distillation of our role.

The regional board meets only four times a year. It has very specific terms of reference, and it has to be very focused in how it spends its time, which it is. In the areas of quality and finance, it is very much the case that the burden of responsibility still rests largely at college level with college managers and the college boards.

**Ali Jarvis (Glasgow Colleges Regional Board):** The situation in Glasgow is slightly different and slightly less complex, because,

obviously, we have a tighter geography. I am very clear that Glasgow Colleges regional board exists only to add value to its assigned colleges. We have no students or staff, but what we can do, by both supporting and challenging them, is enable and help our assigned college chairs and principals to achieve more in synergy than they could on their own. That is the board's sole role.

The committee needs to be aware that nearly a quarter of the colleges budget goes through Glasgow. Although each college has its autonomy, there are some limitations, because they now have a second tier of governance. However, that tier of governance should add value for Glasgow and its region.

For the first time, we have a regional outcome agreement for the whole city. Now that we are dealing with community planning partnerships, it does not make sense for each college to have the same negotiations with the same CPPs. What we can do on a regional basis has to be something that enables that synergy. For me, it is all about strategic coherence, curriculum alignment and providing clearer pathways for learners.

As for meddling with the business of principals and chairs, they are, quite frankly, better at their business than a regional board is. Our role has to be about adding value.

**Mary Scanlon:** I tend to agree with you on that.

**Tavish Scott:** Carrying on with that line of questioning—and you will have to keep me right about the regional board's role here—does that mean that, given the annual £50 million recurring efficiency savings target and the fact that Glasgow has a quarter of the budget, you have to find £12.5 million or £12 million a year?

**Ali Jarvis:** Yes. It is a significant amount of savings. Again, the thing to do is work in partnership. The college principals and chairs know their business, but the regional board, looking over the top, can ask whether there are opportunities for regional procurement across the Glasgow region that can add value and achieve more savings than can be achieved by individual colleges.

We can also look at duplication of provision. We recognise the importance for learners, particularly at access level, to be as close to colleges as possible. For non-traditional learners and those furthest away from education, it is very important to have something on the doorstep. However, because of the range of some of its specialist provisions, Glasgow region brings in people from the city, outwith the city, nationally and internationally. Therefore, we want pathways, and therefore, there are savings to be made.

**Tavish Scott:** Your regional board now has to find £12.5 million in the current financial year. I presume that you have set a budget. Are you going to make those savings in the current financial year?

**Ali Jarvis:** Let us just remember where we are at the moment. Although Glasgow Colleges regional board is now one year into its existence, it is not, for a range of reasons, a fully operational fundable body yet. On that basis, funding is still going directly to the assigned colleges.

**Tavish Scott:** So the question is actually not for you but for the colleges.

**Ali Jarvis:** The assigned colleges are currently making those savings, and their budgets are balanced to achieve the savings that are targeted for the coming year.

**Tavish Scott:** So it would be fairer to ask the question of you in 2016-17, when you will be the full-time chair as opposed to the interim chair of the regional board. You would have responsibility for imposing that savings target, which Government has said must be achieved across the sector and of which your share is a quarter—give or take a discussion with the funding council. You would have a role in that.

**Ali Jarvis:** Yes, but I would challenge your language. I think that “imposing” is not the word that I would use.

**Tavish Scott:** What would you call it? It is a Government target, and it is in the Audit Scotland report. I am giving to you the evidence that this committee has had from Audit Scotland.

**Ali Jarvis:** My approach would be to work in partnership with the chairs and principals to identify where the savings are and where the regional board can add value to them. The chairs and principals know that they have efficiencies to make and that those are the budgets that are already there.

**Tavish Scott:** Exactly what role will the regional board play in the current financial year?

**Ali Jarvis:** In the current financial year, the board is working with the individual assigned colleges to establish the regional outcome agreement, which sets the targets on which the funding is based. It will have contributed to the work on curriculum alignment, which again is where we start to see opportunities to shift provision, make it more relevant, avoid duplication and recognise the impact of major capital investment on curriculum provision in the Glasgow region. That brings in work on progression and pathway analysis, which starts to make the learner journey much clearer to navigate and ensures that the right learners can get the right learning in the right place. Up to now, the situation has been

more complicated, particularly because there were nine different colleges offering courses that had no easy pathway.

**Tavish Scott:** So there is a different perspective on that. I take your point.

Mr McKellar, would you like to comment on your area's role in achieving savings? Forgive me for going on about the savings, but the main finding of the Audit Scotland report is that although those savings have to be made it can find “no evidence” of how they will be made. Can you help me with that evidence?

**Keith McKellar (West College Scotland Regional Board):** The situation is slightly different for West College Scotland, because the regional board is the college board—in other words, we are a single college region. That means that it is down to us, operating as a board with all of our committees, to find those savings. We work closely with the principal, the community planning partnerships and employers to try to streamline our services better and drive as many efficiencies as we possibly can. The merger process has allowed us to do that in many areas such as procurement; indeed, Audrey Cumberland highlighted a few of those areas in her evidence earlier.

**Tavish Scott:** Well, give me the numbers. If Glasgow has to save £12.5 million in the financial year 2015-16, you, too, must have a savings target from the funding council. Can you tell the committee what that is?

**Keith McKellar:** We are down £1 million on last year.

**Tavish Scott:** What do you mean?

**Keith McKellar:** Our funding this year from the Scottish funding council is £49.9 million; our funding for the previous financial year was £50.9 million.

**Tavish Scott:** That is not the same as a savings target; that is the grant that you received from the funding council. I presume that you have been asked to make savings on top of that reduction in funding. Is that right?

**Keith McKellar:** To an extent, but not explicitly. We try to make up as much as we possibly can through commercial and other sources of income.

**Tavish Scott:** Yes, but just to be clear, has there been no instruction from the funding council for you to make savings in line with the £50 million target that the Government set out when it announced the college merger proposals?

**Keith McKellar:** We certainly do not have explicit targets.

**Tavish Scott:** Is there an implicit one?

**Keith McKellar:** Yes, there is. Basically we have had a reduction in the core grant, which covers our staff costs, so we have had to try to make that up in some other way or reposition our services to allow us to deliver.

**Tavish Scott:** Forgive me, but for the sake of clarity, are you saying that you have had no letter or email from the funding council on this? Do you just get a word from the chairman of the funding council? How does the system work now?

**Keith McKellar:** How the system works is that there is a regional outcome agreement, which you sign up to for three years, and every April you are given an indication of what your funding from August will be.

**Tavish Scott:** So that is as much as you get.

**Keith McKellar:** That is pretty much it.

**Tavish Scott:** So, in terms of how you operate as a regional board, the £50 million target is neither here nor there.

**Keith McKellar:** I am not sure that I follow you.

**Tavish Scott:** The Audit Scotland report says that the Government has set out to save £50 million every year from the current financial year and that it cannot find any evidence of that being done. What I am asking you, as a regional board chair—because you obviously know this very well indeed—is how that affects the running of your business. What you have told the committee is that it does not affect it because—

**Keith McKellar:** Oh, no—I am not saying that. Perhaps we are talking slightly at cross-purposes. Since the merger, we have made savings of £6.1 million.

**Tavish Scott:** In what year?

**Keith McKellar:** In 2013-14—the last year. We merged a year past in August and over that period of time we have saved £6.1 million.

**Tavish Scott:** Okay, that is very helpful. Is that an annual savings figure or is it one-off?

**Keith McKellar:** Some of that—about £5.4 million—relates to staff costs.

**Tavish Scott:** Your principal said that earlier.

**Keith McKellar:** Indeed. Because the money relates to staff costs, the saving is on-going. Some of the other savings will be one-off due to the nature of the merger process, while others will continue.

**Tavish Scott:** Is the regional board audited?

**Keith McKellar:** Yes.

**Tavish Scott:** By whom?

**Keith McKellar:** We have an external auditor.

**Tavish Scott:** Is that a private company?

**Keith McKellar:** Yes. We are audited in a similar way to how the old colleges were audited—in other words, external auditors come in and look at our books. As part of that process, we are also required by the Office of National Statistics to provide information to the funding council on a regular basis.

**Tavish Scott:** Thank you very much.

My final question, which is for Dr Foxley, is about how the relationship between the funding council and the Highlands and Islands FE regional board works—goodness knows how the court fits into this. Has the funding council given your board any instructions on savings in the way that I have been asking your colleagues from West College Scotland and Glasgow Colleges about?

**Dr Foxley:** No, there have been no instructions on savings. There have been no mergers, but we have been looking seriously at sharing services—information technology and maybe others—across the colleges.

I make it clear that the FE regional board, which reports to the university court, is virtually autonomous. I fiercely protect the autonomy of the colleges, because the colleges in Shetland, Perth and Inverness have very different demands and interests. It is very important that we collect that information, but at the end of the day, we are trying to take a single-team approach in the Highlands and Islands and have one voice to speak for us. Garnering that information, with its issues, problems and wishes, needs a very light touch.

Coming back to Mary Scanlon's question about autonomy, I have to say that we have certainly rejected no courses. That sort of issue would be discussed by the principals on its own merits; Bill Ross of Orkney College leads on curriculum planning. We try to ensure that, for any initiative, there is funding for learning and teaching materials. Our aim is to add to things, provide support and make the whole bigger than the individual parts.

**Colin Beattie:** I want to explore one or two questions on your relationships with the colleges. The Auditor General's report refers to college pension deficits having increased by 75 per cent. To what extent do you take an interest in or are concerned by that, or is the matter left completely to the colleges?

**Dr Foxley:** Is the question about the Highlands and Islands?

**Colin Beattie:** It is a general question.

**Ali Jarvis:** The Post-16 Education (Scotland) Act 2013 sets clear statutory dividing lines

between the role of the regional board and the role of the assigned colleges. As I said, the regional boards are not the employers. When the regional boards see things such as the challenges on pensions, they have an opportunity to take a helicopter, strategic view and say, "That looks like a problem coming over the horizon. What can we do on a regional basis to address it strategically?" However, we are not the employer.

**Colin Beattie:** Are the regional boards taking that view of the pensions issue? Are they having any discussions with colleges?

**Ali Jarvis:** Such discussions are on-going. I know that the individual college boards, as they look at their own positions, are very mindful of the issue.

**Colin Beattie:** It does not sound like a lot is happening, to be honest.

The Auditor General's report also refers to the need for long-term financial planning. Given the fact that the present structure has been in place for a very short time, that is probably a bit of a challenge. However, the Auditor General refers to a 10-year plan. Is that feasible?

**Ali Jarvis:** On certain things, it has to be. You heard my colleague Paul Little, who was on the previous panel, talk about a 25-year plan for the campus. We have to be able to plan for the long term. Clearly, however, there are constraints within the current system, particularly in relation to colleges' classification and reclassification under ONS, which changes their nature.

Our regional outcome agreement is for three years. Part of the regional boards' role is clearly to help the assigned colleges provide a longer-term view.

**Colin Beattie:** I imagine that part of the problem is that the Scottish Government does not know what its budget is, year on year, as has just been demonstrated.

We talked about the reclassification of the colleges as public bodies and the related autonomy issues. The Auditor General referred to "autonomy and flexibility". We have explored autonomy, but how has flexibility been impacted by the change?

**Ali Jarvis:** Again, the principals on the previous panel touched on this. The key flexibility issue is the inability to either run a deficit or get loans, so we are talking about recurrent annual budgets. You have already discussed, at some length, the arm's-length foundations being a technical way of addressing some of the issues that relate to earned income and how to put it back into the system. The flexibility issues, I think, are largely around financial management.

**Colin Beattie:** Reference was made earlier to monitoring the colleges. Does that translate into additional reporting requirements and the production of more statistics? Is there any evidence that regional boards are asking for additional information from colleges, which would clearly put a bureaucratic strain on them?

11:15

**Mike Devenney:** We are trying to avoid that at all costs. In fact, early on we set up a group to consider the regional board's terms of reference, in endeavouring to avoid any duplication. We must avoid a situation in which two different bodies assume the same responsibility and fall over each other. If we take the monitoring of quality, for instance, the regional board looks at Education Scotland college reviews and the annual paper that colleges provide to the funding council. That paper is signed off by the board, which indicates its satisfaction with the quality arrangements that are in place.

I take those reports and distil them; in other words, the regional board gets the overview and is then, by exception, made aware of things that appear to be wrong or not so good. The regional board would not be expected to pore over nine separate reports, which may each be 10 to 15 pages in length. That has already been done at the college level, which is as it should be.

**Ali Jarvis:** We have worked hard with the board secretaries of the individual assigned colleges to look at the schedule of meetings for the year and ensure that the audit, performance and resources committees all align so that, wherever possible, we can repurpose existing data and materials. As my colleague says, by adding that extra layer of synergy or oversight we can really focus on identifying exceptions and variances from trend. We can then see where, as a regional body, we can support the transfer of good practice between each of the assigned colleges so that each can be helped to be as efficient and effective as possible.

**Colin Beattie:** Where there are multiple colleges within a region, there is presumably a uniform system for producing statistics and reporting on them and on performance indicators and so on, which boards are able to tap into.

**Ali Jarvis:** Yes. We are largely getting there. It would be disingenuous to say that the system is perfect. In Glasgow alone, we have gone in a short period from nine colleges to three assigned colleges and one regional board. Each of those colleges had different a starting point and has been on a different merger journey. We are not yet at the point where things are absolutely consistent.

**Colin Beattie:** I recognise that we are still at an early stage in the process.

**Mike Devenney:** There are multicollege regions, and then there is us—we still have the nine colleges. Early on, one of the priorities was to understand the region. What was the starting point? There was an information deficit and, as a regional board, we did not really have anything to go with.

We have established a student data sharing group. That is an example of a body that includes members from most of the colleges. We are generating this stuff increasingly at a regional level. That is not just for the benefit of the regional board, however; the data will be used by the colleges at college board level, senior management level and even at course level. It is akin to a shared service, you might say.

**Colin Beattie:** Does any mechanism exist whereby the boards can communicate with one another and transfer good practice when someone comes across a really good idea?

**Ali Jarvis:** Yes—all the regional chairs meet regularly through Colleges Scotland. That transfer—that learning—can be done on a national basis.

**Colin Beattie:** Again, I realise that it is early days, but has that proven effective?

**Dr Foxley:** I have been going to those meetings for two and half years and I find it extremely useful to meet the other FE regional chairs and get insights into problems that they are dealing with, solutions that they are working on and where they are having success. It is a great arena.

If I can briefly come back on the commonality, I have a specific sample from the Highlands and Islands. Between the university and the 13 colleges, there were 14 different risk registers, but we now have a common template so that we can assess the risks throughout the Highlands and Islands and how they are being mitigated. That is an example of the sort of work that is under way.

Most of the bureaucracy and the additional work comes from the burden with the ONS, because there are monthly reporting and cash-flow issues. However, that situation is entirely independent of regionalisation and the setting up of FE regional boards.

**The Convener:** Ms Jarvis, you mentioned the regional boards taking a helicopter, strategic overview. Would that involve looking at pay awards, for example?

**Ali Jarvis:** Obviously, we are moving on to national bargaining, which involves a wider helicopter view that covers Scotland as a whole. Again, the chairs are working together to ensure that there is an aligned approach to that.

When I mentioned the helicopter view, I was talking about things such as working with the key employers and ensuring that the region-wide stakeholders are involved and do not have to deal with three colleges.

**The Convener:** Would that view also extend to potential redundancies?

**Ali Jarvis:** I think that this is a case of form following function. When you identify what needs to be delivered in a region, you can identify what resources you need to deliver it. Certainly, as the three assigned colleges have worked together on the process of curriculum review and provision mapping, particularly in the light of the two large new buildings in Glasgow, there has been some movement between the colleges, with provision that was being delivered by one now being delivered by another. Clearly, a staff change will be associated with that.

**The Convener:** We can consider the Glasgow experience. Have there been discussions about workforce planning?

**Ali Jarvis:** As part of curriculum planning, yes.

**The Convener:** I take it that there have been discussions about potential redundancies.

**Ali Jarvis:** Most of the work that has gone on has been done through the merger process. Any work that is being done now is looking forward from the work that has been done on curriculum review, and that is an on-going process.

Frankly, as learner need changes and we seek to reflect learner requirements and the requirements of the economy through the developing Scotland's young workforce strategy and work with our major regional employers, there will have to be flexibility in the system. We will never get to a point where we can say, "We've done it. That's it." The situation will evolve because our economy and our learner needs will evolve.

**Mary Scanlon:** The 2012 Audit Scotland report on colleges considered national pay bargaining. As an ex-lecturer, I am aware that some lecturers in the UHI network are paid up to £5,000 a year less than lecturers in the central belt. Are we looking at national pay bargaining for the whole of the FE sector in the near future? How would you reconcile the considerable pay differences that I have outlined?

**Ali Jarvis:** "With great difficulty" is the quick answer to your second question. It is never easy to align scales, but that is something that colleges in Scotland are leading on. The Government has tasked colleges with moving towards national bargaining. They are working closely with the unions and the staff groups across the sectors, and that work is well under way.

**Mary Scanlon:** Is there a timescale for achieving national pay bargaining?

**Keith McKellar:** We are currently asking all the colleges to sign up to a national recognition and procedures agreement. That has been backed by Colleges Scotland and the principals in the college sector. It is currently with the college boards and we are hopeful that they will sign up to it quite soon.

**Mary Scanlon:** Are we talking months or years?

**Keith McKellar:** Weeks and months, I hope.

**Drew Smith:** Mary Scanlon raised the issue of planning for courses. Could you take us through the role of the regional boards—those that are currently in charge of such planning and those that will assume that responsibility? What is the process for making decisions about course planning?

**Ali Jarvis:** The first process involves agreeing the national outcome agreement, which is, essentially, the contract with the funder about what will be provided and in what ways. It is based on a number of factors, including analysis of the regional demographics, analysis of market and economic need, and demand from learners. All of that feeds into shaping the type of provision that will be needed in a region.

We work with our partners in a number of the assigned colleges to identify how that provision can best be delivered. Are there certain things, such as access courses, that need to be duplicated in a number of places so that they are very close to source? Are there specialisms? Glasgow has a classic example with the country-leading, if not world-leading, excellence in nautical studies at the City of Glasgow College, so it would be foolish for all three colleges to offer that specialism when the City of Glasgow College is clearly in the best position to offer it. Such things are negotiated.

We know the types of volume that we are looking at and we know the demographics, the market need, the economic need and what our regional partners—including pre-16 schools and higher education partners, with which we have articulation arrangements—need. That all feeds into the types of courses.

**Drew Smith:** Presumably, that process has already begun over the past year, so you will have seen changes in where courses are delivered.

**Ali Jarvis:** Yes, absolutely. The regional outcome agreement is public and makes clear what provision and what types of courses will be offered in Glasgow. I am sure that that is the same for the UHI.

**Dr Foxley:** We are looking for growth of about 1 or 2 per cent. There are areas of unmet demand, and European funding is coming through to bolster that. As I mentioned, we have a one-year curriculum plan and, led by Bill Ross from Orkney, we are looking at our three-year curriculum plan.

It is critical that we look at regional performance. For example, in 2013-14, three of the colleges underperformed. Under the old system, they would have had a significant clawback, but because nine of the colleges overperformed, the region overall overperformed. Mike Devenney leads on that issue. It is a question of clever monitoring and, as Ali Jarvis has been saying, trying to assist and support colleges to make sure that, collectively, the region overperforms, otherwise individual colleges could face a clawback of a third of a million pounds to half a million pounds. It is important that we look at that as well as looking ahead for growth.

**Mike Devenney:** The challenges that we face are obviously quite different from those that are faced in Glasgow. As was said earlier, a big part of the drive for regionalisation was the determination to deal with overlap and duplication. Given our geographic context in the Highlands and Islands, it is difficult to identify the existence of either of those things. However, we have to recognise that there is duplication of effort when it comes to the creation of learning and teaching materials, so we have already invested heavily in creating a platform for our FE learners to begin to access materials in the way that our higher education learners have done for years and years.

Another key development is the developing Scotland's young workforce strategy, which has already been mentioned. That is a case in point, on which we are working with Skills Development Scotland. It has made it plain that it has worked very hard and diligently, and I applaud the work that it has done in the Highlands and Islands over the past year to 18 months to get us to where we are now: from this August, there will be 10 pathfinder foundation apprenticeships across the Highlands and Islands, with another 10 to follow in 2016-17.

However, SDS has said that it does not want to—and cannot—carry on investing as much time and energy as it has over this last wee while. It wants us to do that work, which it wants to be co-ordinated. No one at the centre is going to be on the ground to do the hard graft; that work needs to be carried on and co-ordinated at a local level by the colleges, working with the schools and employers. There is a benefit in that: we are again seeing advantage in the sharing of good practice and the development of materials, rather than nine colleges all setting about doing that in parallel, which would be crazy.



**Drew Smith:** Can you give me an indication of what has happened to travel times for students?

**Ali Jarvis:** Again, I can speak only from the Glasgow perspective. Glasgow is a weird example because when we looked at travel times pre-merger, we found students travelling past colleges that offered a certain provision to get to other colleges that offered the same provision, so there was an issue about attraction. I think that that is peculiar to the previous layout of colleges in Glasgow.

Our approach is very much to keep access as close as possible to the user, because that is the critical path. That is the path back into education on a lifelong basis for those whom education has perhaps failed the first time round.

As we go more and more specialist, we will probably offer those options in fewer places but provide a higher-quality experience with better resources and better facilities. Certainly the work that we have done with students has indicated—as one of my colleagues from the West College Scotland regional board also said—that they find that it gives them a better learning experience because they can guarantee that at those higher levels they have better resources, better focus and better environments in which to learn. Also, in Glasgow, the distances are not enormous. It is one more stop on the bus, for example.

11:30

**Drew Smith:** The distances might not be enormous, but you are talking about a region that has the lowest level of car ownership in the country, and there is the expense of public transport. Those issues are important wherever people live. I do not disagree with anything that you have just said, but I did not pick up what has happened to travel times. Have they gone up or gone down? I presume that you measure in terms of averages and maximums.

**Ali Jarvis:** I would have to come back to you on the detail. However, as I said, the data that we had beforehand—

**Drew Smith:** Would that not be pretty key? If you are making decisions about courses being moved around the city, would you not always look at travel times? It is one thing to talk about duplication, but my constituents might call duplication local availability.

**Ali Jarvis:** Yes. I agree. As I said, access courses have very close local availability. I will have to come back to you on the detail. The issue was looked at in the curriculum review, but I do not have that data to hand.

**Drew Smith:** Okay. Earlier, I asked the principals about the principles of further education.

We talked about the current position of lifelong learners in the system, and about women learners and other learners who might be more reliant on part-time courses. Whose role is it to defend those principles in further education in Scotland?

**Mike Devenney:** I would hope that we would all play a part in that, although it is not easy to do at this time, as some of the principals outlined earlier. In so far as it has been possible, colleges have striven to hang on to the vestiges of the Scottish tradition. However, that has been made more difficult by how things have changed—for example, the rules about the hours and what can be funded. However, the tradition still survives.

I talked earlier about our trying to understand the region at the outset. When we look at the profile of each college and the balance of activity, we can see that some of our smaller colleges—for example, in Orkney and Shetland—have more part-time learners than most of our big colleges and very few full-time places. Only about nine full-time FE courses are offered in Orkney and Shetland, compared with over 50 such courses in Inverness.

One of the regional board's early priorities was to consider how to address that imbalance. We referred earlier to regional planning, and it is interesting to note that the drive and thirst for more FE in the Highlands and Islands is coming largely from places such as Orkney and Shetland. Trying to balance the various aspects and keep them all in play is like walking a tightrope. In the past, some colleges entered into a relationship with the local authority whereby what was described earlier as adult learning or leisure classes came over to the colleges, but that did not happen in other cases.

**Drew Smith:** What I am hearing is that it is no one's job to defend those principles. I think that Mr Little said that he had discussed those issues privately with ministers, but I am not hearing a great urge from regional board chairs to say that they see that as part of their role.

That leads me on to another question. I asked earlier whether we could merge further and find different models to make even more savings. If FE institutions and bodies are just there to deliver the Government's priorities, we could do that nationally, could we not?

**Dr Foxley:** No. I am very fiercely protective and supportive of further education because I have seen the transformation that it makes. I was the chair of Lochaber College for 18 years, then chair of West Highland College while I was the local general practitioner in the area. I have seen people who have been given an FE certificate go on to get a job, or who get an HE degree and go on to get a seriously good job, when a few years

earlier they had not a hope of doing that. There are 70 learning centres across the Highlands and Islands. One of my favourites is in Mallaig, where Jane Henderson regularly grabs hold of people who are basically in a dead-end job, or who have no job at all, and convinces them to go on a weekend course—they end up on merchant shipping courses, working for Caledonian MacBrayne or running their own boat.

I have seen such transformations and, to me, they are the absolutely vital end of FE. Part of our jobs as regional chairs is to convince the Scottish Government that when it is providing funding to tackle inequality, it needs to give it to colleges and further education because we are the people who make the real difference in tackling inequality.

I am sorry if there was a wee pause at the beginning of my response, but I was trying to gather my thoughts.

**Ali Jarvis:** The confusion is part of the nature of the question about whose responsibility it is. The obvious but somewhat trite answer is that it is the responsibility of all of us. The question is how we do it, and how we balance a range of competing demands—you will be very familiar with that in the context of public policy and public finances. There will always be trade-offs, which we constantly have to balance. The other principle that applies to that will always be one of public value and how we match what the Government wants, what learners want and, indeed, what employers want.

When we add in the developing Scotland's young workforce recommendations and we consider some of the demands from employment and the economy, we can see that those are sometimes different things. It is a question of judgment, of how to take a range of often competing views and of trying to come up with the most elegant, appropriate solution that best meets the needs of the learners, first and foremost, and of the country in terms of what those learners deliver.

**Drew Smith:** Perhaps I will put the question slightly differently. I can understand the role of principals and college boards, and I appreciate that college boards and regional boards are essentially the same thing in some cases. They have a management function for the college itself and the learning that goes on there.

We spoke earlier about the tension that is brought out in the report. We do not hear the voices of people who might have had the opportunity to be in the system in the past, but we know as a fact that several thousand of them are not in college education as a result of the policy changes that have been made. Is it the job of the regional board to take account of the views of those people? How do you go about assessing the

demand for college education, whether it is part time, later learning or anything else? How do you assess that demand in Glasgow, for example?

**Ali Jarvis:** One of the first things to do is to understand it. Looking at the Glasgow figures, one of the most significant areas of our part-time decline is among pre-16 learners. There are some older learners and some workplace returners, but the colleges have done an awful lot deliberately to protect that, for all the reasons that you have highlighted.

One of our most significant deadlines is among pre-16 schoolchildren. There was arguably a duplication between money being put into the public sector for pre-16 and having enrolled places in colleges at the same time. That is changing. As we move into curriculum for excellence and as we work with developing Scotland's young workforce, we can perhaps have a more effective platform. One of the challenges for some of the school-college partnership work that has been done over the past four to six years was that some of it was delivering less for the learners and less for public value.

For some of that, we need to understand where the change is, rather than simply asking people who are not at college why they are not at college.

**Stuart McMillan:** In our discussion with the previous panel, we heard an example from Paul Little about marine engineering at the City of Glasgow College. Under the new arrangements, the work that you will undertake at board level will be done within your region. Are there any opportunities to work between colleges across regions? One potential example lies with marine engineering courses. There might be a better facility elsewhere in Scotland for providing some aspects of the training courses. Would such work be allowed under the new arrangements?

**Ali Jarvis:** I do not think that there is anything to stop that. It would be an opportunity to add value. As I mentioned, Glasgow already has some national provision, and it services not just the Glasgow region but Scotland as a whole, and beyond. I am sure that fellow chairs view that sort of work as an opportunity. We work with higher education colleagues in the university sector on articulation pathways that go well beyond the region. That principle is there.

The opportunity for the regional boards is that they are still new bodies. As I have said, Glasgow is not yet a fully operational and fundable body, but such work provides a clear strategic opportunity for enhanced provision, for more effective use of public money and for better transfer of good practice. That is where the regional boards can perhaps add value over and above the individual colleges.

**The Convener:** On behalf of the committee, I thank the members of the panel for their contributions. I do not think that we have any correspondence that we need to follow up. Thank you very much for your time.

**“Managing early departures from the Scottish public sector”**

**The Convener:** Agenda item 3 is a further section 23 report from the Auditor General for Scotland, “Managing early departures from the Scottish public sector”. We have received a response on the report from the Scottish Government. Do colleagues have any comments on that response?

**Tavish Scott:** I suggest that we need to consider this important matter very carefully. We might wish to come back to it. We have heard some evidence this morning and in other evidence sessions relating to some of the issues that we have previously discussed regarding settlement agreements, their complexity and what they mean in the long term. The Government’s helpful response gives us something to go on, but we may wish to reflect on the matter further, even in light of this morning’s evidence. I wonder whether it would be appropriate to return to it at a later stage.

**Mary Scanlon:** I agree. The matter was also raised in Audit Scotland’s “Scotland’s colleges 2015” report. There are at least another two colleges where early departures are to be questioned in more detail. I would prefer to do a proper job on the matter, take time over it, consider it more thoroughly and return to it. That would be a sensible approach.

**The Convener:** Can I confirm that the mood of the committee is to defer the matter to a point when we can give it further consideration? Is that agreed?

**Members** *indicated agreement.*

**The Convener:** We move into private session, as previously agreed.

11:41

*Meeting continued in private until 12:49.*



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