



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Public Audit and Post-legislative Scrutiny Committee

**Thursday 14 September 2017**

**Session 5**



The Scottish Parliament  
Pàrlamaid na h-Alba



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**Thursday 14 September 2017**

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**PUBLIC AUDIT AND POST-LEGISLATIVE SCRUTINY COMMITTEE**  
**20<sup>th</sup> Meeting 2017, Session 5**

**CONVENER**

\*Jackie Baillie (Dumbarton) (Lab) (Acting Convener)  
Jenny Marra (North East Scotland) (Lab)

**DEPUTY CONVENER**

\*Liam Kerr (North East Scotland) (Con)

**COMMITTEE MEMBERS**

\*Colin Beattie (Midlothian North and Musselburgh) (SNP)  
\*Bill Bowman (North East Scotland) (Con)  
\*Willie Coffey (Kilmarnock and Irvine Valley) (SNP)  
Monica Lennon (Central Scotland) (Lab)  
\*Alex Neil (Airdrie and Shotts) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Paul Johnston (Scottish Government)  
Dr John Kemp (Scottish Further and Higher Education Funding Council)  
Aileen McKechnie (Scottish Government)  
Shona Struthers (Colleges Scotland)

**CLERK TO THE COMMITTEE**

Terry Shevlin

**LOCATION**

The James Clerk Maxwell Room (CR4)



## Scottish Parliament

### Public Audit and Post-legislative Scrutiny Committee

*Thursday 14 September 2017*

*[The Convener opened the meeting at 09:02]*

### Decision on Taking Business in Private

**The Acting Convener (Jackie Baillie):** Good morning and welcome to the 20th meeting of the Public Audit and Post-legislative Scrutiny Committee in 2017. I ask everybody in the public gallery to switch off any electronic devices so that they do not interfere with the committee's work. Monica Lennon is not able to attend and sends her apologies.

Item 1 is a decision on taking item 3 in private. Are committee members agreed to do that?

**Members** *indicated agreement.*

## "Scotland's colleges 2017"

09:04

**The Acting Convener:** Item 2 is "Scotland's colleges 2017". We will take evidence on the Auditor General for Scotland's report. I welcome from the Scottish Government Paul Johnston, who is the director general of education, communities and justice, and Aileen McKechnie, who is the director of advanced learning and science. I also welcome Dr John Kemp, who is the interim chief executive of the Scottish Further and Higher Education Funding Council, and Shona Struthers, who is the chief executive of Colleges Scotland.

I understand that you would like to make brief—I emphasise the word "brief"—opening statements. I invite Shona Struthers to go first.

**Shona Struthers (Colleges Scotland):** Good morning, and thank you for the opportunity to present evidence to the committee today on behalf of Colleges Scotland, which represents the college sector.

The Audit Scotland report demonstrates that colleges continue to be great places to learn and that their focus on education provision and innovation and the benefits that that brings to Scotland's wider economic ambitions are recognised and valued by all. It highlights that colleges remain at the heart of a world-class education sector and that they deliver the right education and skills in the right place and at the right time.

It is encouraging that the report recognises that most college students are satisfied with their college experience and go on to further study, training or employment. Colleges continue to meet the Scottish Government's target—116,00 full-time equivalents—to deliver learning. The sector is also playing its part in helping to close the attainment gap, and we are pleased that the report notes that attainment in colleges has improved over the past year.

We acknowledge that the report highlights some of the challenges that the sector faces. As is noted in the written evidence, the news comes as little surprise, as the 2016 Audit Scotland report highlighted that a growing number of colleges face financial challenges. The colleges' accounts, which were published in April 2017, confirmed that. We appreciate the additional funding that the Scottish Government has made available for 2017-18, which recognises the circumstances that the sector faces, but the overall number of colleges forecasting deficits is increasing and we continue to voice our concerns that the situation is not sustainable.

We agree with the report that national bargaining is a significant financial challenge for colleges. Without additional resource year on year, the on-going costs are not affordable for the sector without impacting severely on quality and/or the student experience. However, colleges continue to manage their finances well, and the pressures that are highlighted in the report reflect tighter public finances, changes in accounting rules and increased cost pressures that are outwith the control of colleges. Most colleges are operating at a near break-even position, and all our colleges continue to be well managed and remain resilient in difficult financial circumstances.

Nevertheless, we are focused on moving forward and continue to deliver on the key Scottish Government policy drivers. We continue to work with the Scottish Government and the Scottish funding council to understand student demand and to develop long-term financial plans as well as to ensure sustainable funding for the sector and manage cost pressures. As a sector, we need to ensure that college education continues to be available to all and that colleges, working with employers, continue to deliver the skilled workforce that is needed in our modern economy.

**The Acting Convener:** Thank you very much. Dr Kemp is next.

**Dr John Kemp (Scottish Further and Higher Education Funding Council):** Thank you for the opportunity to discuss the Auditor General's report. As you will see from my letter to the committee, we have accepted the recommendations of the report.

It is to the great credit of the college sector that it has continued to deliver well against our shared ambitions. For example, it continues to meet the 116,000 FTE target for the volume of teaching; student satisfaction is at 90 per cent; there is good representation in colleges of students from deprived postcodes and by disability, ethnicity and gender; and there has been a steady increase in the number of learners articulating from college to university with advanced standing. There has been a strong trend for improved success rates for students achieving recognised qualifications, the vast majority of college leavers were in a positive destination six months after graduating and the number of senior-phase pupils studying vocational qualifications as part of the developing the young workforce programme that is delivered by colleges has increased and further growth is projected.

Nevertheless, as I make clear in my submission, the college sector faces significant challenges. Those include the need to continue to improve retention, the implementation of national bargaining and the need to improve financial planning and financial health. We will continue to work with the college sector and the Government

to address those challenges and the report's recommendations, and I am happy to answer your questions on how we will do so.

**The Acting Convener:** Thank you very much. It is Paul Johnston's turn.

**Paul Johnston (Scottish Government):** Thank you for the opportunity to provide evidence to the committee in response to the Auditor General for Scotland's report "Scotland's colleges 2017".

As the director general for education, communities and justice, I am the relevant accountable officer for the Scottish Government. I have responsibility for ensuring that the Scottish funding council's strategic direction aligns with the priorities of the Scottish Government and that it has the necessary controls in place to safeguard public funds. The accountable officer for the Scottish funding council is Dr John Kemp. The SFC is accountable for the delivery of the Scottish Government's policy objectives, the deployment of resources to deliver them and associated planning and risk management.

I, too, welcome "Scotland's colleges 2017". It highlights what is working, where on-going work should be concluded and where further improvements should be made. Colleges have a clear, focused role in delivering a skilled workforce for their regions and have developed new and enhanced relationships with employers around curriculum planning, work experience and employability skills. Their focus is on learning opportunities that lead to recognised qualifications and employment.

We are pleased that the report identifies that the sector has continued to exceed the national target for learning and that student attainment has improved, and we are working to improve performance further. In that regard, the Minister for Further Education, Higher Education and Science has announced a national college improvement programme to raise attainment and improve retention in Scotland's colleges over the next two academic years.

The report also identifies that the financial health of the college sector is relatively stable and that total Scottish Government funding to it will have increased by 5 per cent between 2015-16 and 2017-18. As negotiations on national bargaining remain on-going, the full costs have still to be determined, but they will be considered carefully as part of future budget settlements.

Official figures from the Scottish funding council show a small increase in student head count from 2014-15 to 2015-16, and there has also been an increase in the number of students from areas of deprivation. At least 83 per cent of students who achieve a qualification go on to a positive

destination such as further study, training or employment.

Colleges are delivering not only for our young people. The number of full-time students aged 25 and over has increased by over 12 per cent since 2011-12. Colleges are also playing a key role in the delivery of higher education, with over 41 per cent of all full-time college activity in 2015-16 in higher education. That is the highest proportion ever.

There are a lot of successes that all those who work and study in the sector can be proud of. However, we recognise the challenges that are identified in the report, and we will continue to work closely with the Scottish funding council, Colleges Scotland and individual colleges on the report's findings and we will work to address the recommendations that are for the Scottish Government.

**The Acting Convener:** Thank you all for your opening statements. We will now move to questions.

**Colin Beattie (Midlothian North and Musselburgh) (SNP):** I want to explore one or two issues with regard to the major subject of budgets. I note that the number of people who are employed by colleges has increased by 6 per cent over the past two years, but pretty well every college has had a voluntary severance scheme. Who does that 6 per cent represent? Are they cleaners or lecturers? You might have a business case for every person going through a severance programme, but how does that work? You are hiring people while you are getting rid of others.

**Shona Struthers:** I will start on that. Over the past few years, there has been an increase in support and lecturing staff. Some of the increase in support staff is down to bringing in-house services such as catering that used to be outsourced, and it is also a result of some curriculum changes and the employment of more apprentices. On the lecturing side, there has been a genuine increase in activity along with a change in the curriculum. The increase in staff, therefore, is more to do with current changes and working more with employers.

**Colin Beattie:** You have talked about bringing services in-house. I presume that there is a business case for each proposal.

**Shona Struthers:** Yes.

**Colin Beattie:** Does it go to the SFC?

**Dr Kemp:** A contract for bringing something in-house would not come to us.

**Colin Beattie:** It would not come to you.

**Shona Struthers:** It would sit with the college and the college governance structure on a cost benefit basis.

**Colin Beattie:** But are we confident that, in every case in which a service has been brought in-house, a cost benefit analysis has been carried out?

**Shona Struthers:** I am sure that each college has procurement processes and governance procedures in place to take account of that.

**Colin Beattie:** But you do not know for sure.

**Shona Struthers:** Speaking on behalf of the sector, I am sure that there are processes and procedures in place for all those things—absolutely.

**Colin Beattie:** Are any of the people who have been given voluntary severance being re-employed in the sector?

**Shona Struthers:** I personally do not have that information to hand.

09:15

**Dr Kemp:** We do not have any information across the sector on how many people who have taken voluntary severance from one college are in another college or working elsewhere in the public sector. There would usually be rules against re-employment in the same college, but there might be people who have left one part of the public sector and are working in another. We do not have any information on that.

**Colin Beattie:** I am concerned that we might be following the same process that some councils follow when they give someone voluntary severance and then bring them back as a consultant or whatever.

**Dr Kemp:** Within the same college, that would be very unusual and I think that most of the voluntary severance schemes specifically preclude that. I am aware of cases where people have taken voluntary severance and worked elsewhere in the college sector but not of cases where people come back to do the same job in the same college, as you have suggested.

**Colin Beattie:** Is it possible to quantify that?

**Dr Kemp:** I can find out what information we have on it.

**Colin Beattie:** That would be useful to have.

There is obviously a concern about national bargaining. Originally, back in 2016, Colleges Scotland estimated that the cost would be £80 million and now it has gone up to £117 million. Why is that?

**Shona Struthers:** When we estimated a cost of £80 million back in 2016, we were in the very early stages of negotiation on national bargaining. We did a best estimate based on the information that we had at the time. Between that submission, the spending review and where we are currently with the agreements, much more has been agreed. Elements have been agreed and therefore can be costed at a much greater level of detail. That is where we find ourselves, with a very detailed costing of national bargaining down to a college level—sometimes down to the FTE staff level within colleges. However, it is not a concluded process because not all the parts of national bargaining have been fully agreed, so that is our best estimate at the moment, although we have been at that figure or thereabouts for the past three or four months.

**Colin Beattie:** Obviously, you are talking about £117 million over the first three years, with a recurring annual cost of £50 million. That is a fairly substantial increase.

**Shona Struthers:** It is indeed.

**Colin Beattie:** The Scottish Government provides the bulk of the funding to the college sector. Has any part of the national bargaining been factored into the budget process?

**Paul Johnston:** Yes, certainly it is my understanding—Dr Kemp may wish to confirm this—that the budgets that have been made available for this financial year will allow the payments to be made that have been agreed to date.

Of course, we are aware that there are cost implications of national bargaining in future years. As you would expect, we will be working closely with the funding council and Colleges Scotland to scrutinise in detail the figures and the estimates that are provided; the future budget settlement will be set in light of the conclusions that are reached. To be clear, the figures that we have had from Colleges Scotland, as Shona Struthers recognises, are not yet the final position and are still subject to that further scrutiny from the funding council and the Scottish Government.

**Colin Beattie:** You are saying that you have already covered part of the national bargaining, which I believe is something to do with the lecturers' settlement. How much is that in value? Does that come off the £117 million figure?

**Paul Johnston:** I will pass that question over to Dr Kemp—he may have the precise figures in front of him.

**Dr Kemp:** About £44 million of the £117 million is accounted for by what has already been agreed in relation to the lecturers' pay scale.

**Colin Beattie:** So that is covered.

**Dr Kemp:** Yes. That is the three-year figure. The figure for 2017-18 has been covered as well. In part, it was covered by an increase in funding to colleges, which was intended for financial pressures, including pay. We allocated it to colleges provisionally in the spring.

In the light of the eventual deal, once we knew exactly what the cost would be in each college, we allocated some money that we had held in reserve. It is a harmonisation deal, and because the pay impacts differently on different colleges—some colleges are near what will be the top of the scale and some are far away from it—the costs in each college vary quite a bit. It is not a flat rate, whereby we give every college X per cent and that meets the deal. We had held back some money, knowing that the pay deal would be asymmetric. We have now allocated that to colleges, so there is sufficient in the 2017-18 budget to meet the costs of the lecturers' pay deal, which is the bit that has been agreed so far.

**Colin Beattie:** From what you are saying, I think that you have accepted the figure of £117 million over the next three years as being a reasonable estimate.

**Dr Kemp:** Yes. I am glad that you used the words "reasonable estimate". We still do not know exactly what some elements of the £117 million will cost. We know about the lecturers' pay deal—that has been agreed. Discussions are on-going about lecturers' terms and conditions and working hours, which will have a financial impact.

There is also a process to be gone through for support staff involving job evaluation. We have put an estimate for that in the £117 million that we think is robust but there is a process to be gone through that could produce a slightly different figure. We think that that is a robust estimate—we have worked with Colleges Scotland and the Government on it—but I would stress that there are elements still to be negotiated with the staff, and we cannot be precise about those elements at this time.

**Colin Beattie:** Just to be clear, you have said that £44 million of the £117 million over the three years is effectively covered. If we look at the recurring additional costs of £50 million, which I accept is still an estimate, what proportion of that will be covered going forward?

**Dr Kemp:** That would be an issue for the current spending review. We have our budgets. At the moment, for 2017-18, there is a spending review going on with the Government, and part of the purpose of being so precise about these estimates at this stage is to feed that into the process, so that the Government is aware of the potential costs as it decides on budgets in future years.



**Colin Beattie:** Just to be clear, the £44 million is a recurring payment to the colleges; it is not just a one-off to get them through this.

**Dr Kemp:** To clarify, the £44 million is the element of the pay deal that has now been agreed and we can forecast very clearly. For 2017-18, that money is in the budget.

**Colin Beattie:** That money is budgeted.

**Dr Kemp:** Yes. For the years beyond that, we await the spending review, but that bit is fairly cast iron—we know what it will cost.

**Colin Beattie:** I am just trying to get my head round what the potential liability is. You are saying that the projected liability is reducing as the Scottish Government has funded part of that, and therefore it is not such a cliffhanger.

**Dr Kemp:** Yes. That is a very fair point. If the Government funds this pay deal—I would add the caveat, again, that we cannot be absolutely precise about the cost—there is not an issue for the colleges, but if that funding is not there, there is.

**Liam Kerr (North East Scotland) (Con):** I start with a question to Shona Struthers. In your extremely interesting submission, you talk about the “unprecedented level of cuts” and the figures that have been picked up by Audit Scotland, and you conclude by saying that

“the overall financial position that the sector faces is unsustainable.”

Is there an inevitability about where this might go, or is it possible to wind back from this position?

**Shona Struthers:** I hope that my opening statement laid out a very good case for the college sector. Colleges are integral to how our economy runs. They play an important part not only in the economy, but in society, and not just for our young people but for all learners. Colleges absolutely have a place in our society. They are now part of the public sector, and with that there are responsibilities. We would like to see a college sector that it is funded adequately and which has a future that is based on a sustainable funding model. We are trying to draw attention to issues that will, if they are not addressed, leave us all in a very perilous situation. It is our job to ensure that colleges are valued and recognised. I hope that that is what we are doing by highlighting those issues.

**Liam Kerr:** You talked a bit about funding. Just so I am clear how this works, I will ask a question of the Scottish Government. At least in some areas, the structure is that the funding stream goes from the Scottish Government to the SFC, to a regional body then to the colleges within that region. Am I roughly correct?

**Paul Johnston:** Yes, that is correct. I will speak first of all about how that is dealt with by the Scottish Government.

The entirety of the budget for colleges that is agreed by Parliament is passed to the Scottish funding council alongside a very detailed letter of guidance that sets out expectations for the way in which that funding is to be deployed.

**Dr Kemp:** As you correctly said, in three regions—Glasgow, the Highlands and Lanarkshire—there is a regional strategic body. The three are different.

**Liam Kerr:** I assume that each of those regional bodies has a board and some kind of chief executive and finance director, and that each individual college sitting underneath that level will have a board and senior staff. Is that correct?

**Dr Kemp:** The situation is slightly more complicated than that. In the case of Glasgow, there is a body—the Glasgow colleges regional board—which has a small staff and its own board. In the case of the Highlands and Islands, the regional strategic body is the University of the Highlands and Islands, so the support structure within that is essentially part of the university. In Lanarkshire, the regional strategic body is an entity called the Lanarkshire board which is, in essence, New College Lanarkshire. There is not a separate body in Lanarkshire or in the Highlands, as there is in Glasgow.

**Liam Kerr:** The situation is complex.

**Dr Kemp:** Yes.

**Liam Kerr:** Given that structure, the staffing issues that Colin Beattie mentioned earlier and the national bargaining that is coming up, what is the Scottish Government's view of a 20 per cent pay rise being given to the executive director of the Glasgow colleges regional board?

**Paul Johnston:** The Scottish Government has been liaising with the SFC on that matter. The Government is concerned to hear about bodies awarding pay increases that seem to be well in excess of what would be expected in public sector arrangements, and has discussed that with the Scottish funding council, which is the body that has direct powers in relation to the regional board. My understanding is that the matter is not yet fully concluded; Dr Kemp may wish to say more about it.

**Dr Kemp:** We were made aware by the GCRB some time ago that it was contemplating changing the salaries of its senior staff, largely as a result of its taking on a finance director and restructuring the organisation. It had been in discussion with us for some time about those salaries. Initially it had proposed a far greater salary rise, but we made it clear that we could not at all see the case for that

rise. The board had the posts evaluated and took the proposal to its nominations and remuneration committee. When it shared with us the recommendation of that committee I wrote to the chair and asked that my letter be shared with the board. I made clear the factors that should be taken into account in the decision, and made clear my view that such a rise was hard to justify, in the current climate.

Unusually, I have a power to direct the GCRB on its staffing. For most colleges or universities, that is a decision that they would take entirely on their own and I would not have a power to direct. In my discussions with the GCRB, I considered extremely carefully whether I should use that power of direction which, in my view, is something that should be used only in extremis, when there has been a serious failure on the part of the organisation. In this case, I told the GCRB that I did not intend at that stage to use the power of direction, because the GCRB had only fairly recently been given its full powers to spend money in Glasgow. Before doing that, we spent quite a lot of time going through a governance checklist with the body and assuring ourselves that its governance and procedures were robust, and we were assured that they are robust. In that context, I decided that it would be inappropriate for me to use the power of direction.

I wrote to the board making it clear that I had considered using the power of direction and that I did not think that the rise was justified, but acknowledged that it was a decision for the board. The board took the decision to slightly amend the recommendation of its nominations and remuneration committee and the sum that was eventually awarded was a bit less than what was reported in *The Herald*. However, it was fairly close, and my view remains that it is hard to justify in the current climate.

09:30

**Liam Kerr:** The previous postholder got a—give or take some—15 per cent pay rise, did they not?

**Dr Kemp:** There has never been a directly equivalent previous postholder. The GCRB, with its executive director, has existed only in the form of its current structure, so there has only been one postholder.

Prior to the formal creation of the GCRB and in the interim period before it had full powers, there was a different structure in which there was a clerk to the board, who had a salary rise, I believe. It was a different structure, so the post was not the same.

**Liam Kerr:** There was a salary rise of about 15 per cent.

**Dr Kemp:** I do not have in front of me exactly what the salary rise was at that time.

**Liam Kerr:** I think that the chair might have had a pay rise of about 30 per cent in the previous year.

**Dr Kemp:** The chair of what?

**Liam Kerr:** The chair of the GCRB.

**Dr Kemp:** If there were such a rise, I suspect that it might have been due to additional daily rates that were related to national bargaining.

**Aileen McKechnie (Scottish Government):** There was no rise, as such. A day rate is paid to the chairs of regional boards, and the then chair of the GCRB invested a lot of time in business related to national bargaining. Therefore, on top of the days for her regional contribution, she submitted claims for additional days for the national contribution that she made on behalf of the employers association. I do not have the detail in front of me of how much the claims were, so I cannot comment on the size of them.

**Liam Kerr:** As, I am sure, you have worked out, that is where my question is going. You talk about a “contribution”, but my concern is that there are a number of different strata that administer funding at great cost to the public purse. I note that the interim chair at the GCRB said that the pay rise that we were talking about will “enhance college education” and

“generate cost savings that will benefit students.”

How will it do that?

**Aileen McKechnie:** You would have to direct that question to the interim chair of the GCRB. As both my colleagues have said, we have concerns about the conclusion that the board reached in relation to the salary increase.

**Liam Kerr:** However, none of you has acted on those concerns. Who is regulating that relationship?

**Aileen McKechnie:** John Kemp explained the action that he has taken. He discussed the issue with the previous chair of the GCRB and the current incumbent, and he has written once or more to them.

**Dr Kemp:** There has been various correspondence with the chairs, but I wrote immediately before the board took the decision and made my view very clear. Since then, the board took the decision and the chair wrote to me to explain it. Liam Kerr has quoted parts of the explanation, which was also given publicly. I need to decide what I will do next.

I stress that, prior to the board meeting, my view was that, because we were satisfied with the governance arrangements at the GCRB, it was

appropriate that we allow the board to take the decision and that we not use the power of direction. That said, I do not agree with the decision.

**Liam Kerr:** The Scottish funding council distributes money so, in your view—or, perhaps, in the Scottish Government's view—what value is added by having a regional body to do, in effect, the job that the Scottish funding council does?

**Paul Johnston:** I can answer that. That is part of the arrangement that Parliament approved in the process of college reform. The GCRB is responsible for funding the colleges in the Glasgow region and, beyond that, it has overall responsibility for the strategy that is pursued by the colleges around the city, and it tries to ensure that there is alignment between what the colleges offer and what the skills needs of the city are. The body exists specifically to ensure that there is a clear offer from the combined group of colleges that will meet the needs of the region and, ultimately, be to the advantage of Scotland's economy as a whole.

**Liam Kerr:** Would the principals who know the colleges inside out individually not be better placed to do that?

**Paul Johnston:** The principals are all absolutely involved in the work of the regional board, which serves to bring them together and ensure that a coherent overall strategy is pursued by the colleges in the interests of skills development and, ultimately, economic growth.

**Liam Kerr:** You talked about it being the structure that Parliament approved when the college sector was being reformed. Right at the start of the meeting we heard from Shona Struthers that there are some challenges ahead and that some things need to be done. Is it time for the Scottish Government to review the structure that was put in place a number of years ago and say that what might be required is fundamental reform?

**Paul Johnston:** We are certainly committed to ensuring that the system continues to improve. We are aware of, and have discussed with the committee previously, some of the governance issues that have arisen. In response to that, we had a group working on good college governance. That group continues to operate to ensure continued progress with the governance arrangements—which will, of course, also be considered by the Auditor General.

I agree that there is a need to ensure that the governance arrangements are kept under review and are as effective as possible. I do not think that I have seen any evidence that suggests that a fundamental overhaul of the arrangements is needed; rather, it is about continued improvement.

**Dr Kemp:** There was a fundamental review of the college sector just a few years ago. The structural changes from that affected almost every part of the sector through a series of mergers to create regional colleges, including in Glasgow, which—pre-merger—had seven colleges and is now down to three. There has been fundamental reform of the sector.

It is incumbent on us all to continue to review what needs to be changed, but the argument for another fundamental reform right now needs to be balanced against the need for stability in the sector as we go through the challenging period that we outlined in our opening remarks. Settling down, dealing with national bargaining, and dealing with some of the changes that affect learners as part of the learner journey are probably more important than another structural reform, at this stage.

That said, we need to make sure that we are operating as efficiently as possible and that bodies such as the GCRB provide good value for money.

**Liam Kerr:** Is that therefore a guarantee from the Scottish Government that the continued improvement process will result in a sustainable sector, contrary to Shona Struthers's concerns?

Dr Kemp talked about the student experience. Do you have a view on whether the regional boards, as an extra tier of governance that absorbs money for whatever product they are putting out, could negatively impact on that student experience—perhaps in terms of national bargaining, students or assets?

**Paul Johnston:** I will answer the first part of the question and affirm that the Scottish Government is absolutely committed to securing the success of Scotland's colleges and to seeing the college sector flourish. I will quote just one sentence from our most recent letter of guidance to the funding council. It says:

"Colleges are at the centre of our efforts to build the workforce Scotland's employers"

and economy "need". That captures the Government's commitment to the sector.

**Dr Kemp:** I shall respond to your question about the student experience and value added. In the perfect world, every penny would be spent at the chalkface on the student experience, teachers and so on. There needs to be some administration to ensure that the colleges serve Glasgow in the way that Paul Johnston has suggested, that they operate to a coherent strategy, that they are not competing with each other and that they add up to something that is greater than the sum of its parts. The administration that is required to pull all that together needs to be cost effective and it needs to meet Glasgow's needs, but there will always be a

cost to that. It is easy to say that every penny that is spent on administration is a penny that is not spent in the classroom, but the two things need to be balanced, and we need to do that effectively.

**Alex Neil (Airdrie and Shotts) (SNP):** To begin with, I want to stay with the issue of the Glasgow colleges regional board pay rise. Dr Kemp said that the final recommendation of the board's remuneration committee was a figure close to 20 per cent. How close to 20 per cent is it?

**Dr Kemp:** As I understand it, the board was looking at a range for the post of between £95,000 and £98,000, and it settled on an increase to £95,000 from £81,000.

**Alex Neil:** Which is still a very substantial increase.

**Dr Kemp:** Yes.

**Alex Neil:** Has that decision been taken or is the board awaiting your final decision?

**Dr Kemp:** In my letter to the board prior to its meeting, I said that I did not intend to use the power of direction at this time. The board is therefore not waiting on final sign-off from me. However, I asked the board to write and let me know its decision after the meeting, and it did so the day after, I think. I got that letter the middle of last week, but I have not yet responded to it.

**Alex Neil:** Just to be clear, do you still reserve the right to exercise your powers?

**Dr Kemp:** I made it fairly clear in my letter that I would not exercise those powers—

**Alex Neil:** At that time.

**Dr Kemp:** Yes, at that time and subject to the board not going above the range that it had set. However, I asked it to take on board some information on comparators, and I want to assure myself that it has done so. I should stress that if it has, I do not agree with the decision but it was properly taken.

**Alex Neil:** So in a year when we are telling nurses that they are getting 1 per cent we are talking about a rise of nearly 20 per cent for someone who is already on a substantial salary. You have indicated clearly that you do not agree with the decision, so why are you not using your powers? We have seen what happened with Coatbridge College. I know that that was about a leaving package, but the public are getting pretty fed up with this sort of thing. Some nurses are getting paid about a third of this chief executive's current salary, and their taxes are funding these increases. Why are you not using your powers to set an example? If you do not use them, you are sending out the wrong message to the rest of the college sector about these excessive pay rises.

**Dr Kemp:** Yes, and let me be clear: I considered very carefully whether to use them.

**Alex Neil:** So why did you not? What was the reason?

**Dr Kemp:** The easy route would have been to use my powers. I could have said to a body that is responsible for spending £82 million-worth of our funding for Glasgow, "I do not trust you or your board to make a decision on the difference between £81,000 and £95,000." I carefully considered using the powers, because I do not agree that there is any rationale for changing the salary, but my view was that I had confidence in the governance of the GCRB.

My expectation was that, after seeing my letter and having considered all the facts, the board would have been unlikely to decide to increase the salary. I am disappointed that it has done so, but my view was that it would have been inconsistent of me to trust the board with £82 million but not to trust it with regard to the difference between the two salaries. That was my thought process.

**Alex Neil:** If the board goes ahead with this, I would not trust its judgment. Doing that sort of thing in the current climate is absolutely beyond belief. Convener, I think that we should invite the chair and the chief executive of the board and the chair of the remuneration committee, because we should express our opinion on behalf of the long-suffering public, many of whom are very low paid and having to fund such increases when the general limit on pay increases is about 1 per cent. I just think that it is outrageous—and quite frankly, Dr Kemp, I think that it is outrageous that you are not using your powers.

**The Acting Convener:** We will certainly consider that when we take forward our work programme.

I have a supplementary question. Dr Kemp, in arriving at your decision, did you at any point consult the Scottish Government? If so, what was the discussion?

09:45

**Dr Kemp:** Yes, I consulted the Government. I made it aware that this was happening. I also consulted widely with colleagues.

**The Acting Convener:** What was the advice from the Scottish Government?

**Paul Johnston:** Aileen McKechnie will address that.

**Aileen McKechnie:** Mr Kemp and I discussed this matter in relation to the letter that he was sending out. I reminded Mr Kemp of public sector pay policy and our expectations on pay restraint in relation to the funding climate and chief executive

salaries. When we are recruiting a new chief executive of a public body, we expect that the salary will decrease by a set percentage.

We offered some commentary on the letter that Mr Kemp wrote to the board. We were absolutely supportive of his position that we should make it clear that the board should consider this matter very carefully, because the increase was hard to justify, given the current financial situation that the college sector in its entirety and, equally, the public sector faces.

**The Acting Convener:** I understand that. In essence, you agreed with Dr Kemp's actions not to use the powers of direction.

**Aileen McKechnie:** At that stage, absolutely. I was reassured by Mr Kemp's expectation that the board would take sufficient cognisance of his letter and make the right decision.

**The Acting Convener:** Given that the board did not do that, and given what you have heard from colleagues around the table, as well as what you have said about public sector pay restraint, do you now regret not suggesting that those powers of direction be used?

**Aileen McKechnie:** We are still in close dialogue with the funding council about the next steps. As Mr Kemp has said, he has yet to respond to the formal letter from the chair and is thinking about what his response will be. We will continue to engage in dialogue with the funding council about that.

**Alex Neil:** I seek further clarification of the Government's position. The Government supported the position when John Kemp said that he would not exercise his powers at that time but, in the Government's view, there is still time to exercise the power.

**Aileen McKechnie:** The powers of direction are there to be used in extremis and we all want to be thoughtful about where and when we would use such powers. We are in close dialogue with the funding council about appropriate next steps and we will be very thoughtful about what the right next steps should be.

**Alex Neil:** I will rephrase my question. Using the power is still an option.

**Dr Kemp:** In my—

**Alex Neil:** No. It is a Government position.

**Aileen McKechnie:** The power of direction lies with the funding council.

**Alex Neil:** But it is still an option. In the Government's view, is it still an option? Yes or no?

**Aileen McKechnie:** I imagine it must be. John Kemp has written to say that he did not intend to use his power of direction at that time.

**Alex Neil:** As Aileen McKechnie has said, the power of direction is to be used in extremis. I suggest that that situation was in extremis. There will be public outrage if this goes ahead, and deservedly so.

**Dr Kemp:** I do not disagree with you on that point. The board has taken a decision that I disagree with and which, I think, everyone around this table disagrees with. I need to consider what we do next.

However, I stick by my point. As I said in the letter, I did not intend to use the power because I was satisfied with the overall governance, subject to the board not exceeding the amount that it had already looked at.

I hear what you are saying, but the option is to use that power or to engage with the GCRB in light of what you and others have said since the decision was made. The power that I have to set or not set salaries should not be used lightly. In most cases, if you set up a separate structure to take decisions, there will be times when it takes decisions that I do not agree with and that the Government does not agree with. If the structure meant that all decisions were taken by me or the Government, you would not have set up a structure that allowed—

**Alex Neil:** It is not just about the structure.

**The Acting Convener:** Let—

**Alex Neil:** I am sorry, convener; let me finish. As Aileen McKechnie said, there is a very clear public sector pay policy, which does not allow for or promote excessive pay rises, particularly for people at the top end. The rest of the people in the public sector, including low-paid public sector workers, are confined to a 1 per cent increase. Those on salaries of over £21,000 are still pretty low paid compared with the person in question.

Surely you have to implement the Scottish Government's pay policy. It is very clear that the pay policy is designed to try to be fair, and it would be very unfair if somebody got a 20 per cent rise when you are against it. You and, I presume, the funding council recognise the unfairness of that, and it is clear that the Scottish Government recognises the unfairness of it. This is in extremis; that is just making a mockery of the pay policy.

**Paul Johnston:** The Government will take the issue away and ensure that there are further early discussions with the funding council about the most appropriate way to proceed. We will ensure that the committee is kept fully up to date on where we get to. We will carefully consider all that has been said on the issue.

**The Acting Convener:** That is very helpful. I could not agree more with Alex Neil but, from your responses, it strikes me that the Scottish funding council has acted consistently with the advice that it has been given from the Scottish Government. Perhaps you should both go away and reflect. Doing that will be helpful.

**Alex Neil:** May I move on to other lines of questioning on separate issues?

**The Acting Convener:** Okay. I ask that questions and responses are shortened to get everybody in.

**Alex Neil:** Okay. First, I return to the general issue of national pay bargaining and its costs. I want to clarify the cost estimates. Since the figure of £117 million was published, the Government has indicated that the pay cap will be lifted from next year. Does the £117 million include any additional costs arising from the lifting of the pay cap?

**Dr Kemp:** The £117 million is the cost of the harmonisation and implementation of national bargaining. It does not include any cost-of-living increases over that period.

**Alex Neil:** So any additional costs arising from the lifting of the pay cap will be on top of the £117 million.

**Dr Kemp:** Yes.

**Alex Neil:** Secondly—I have three factual questions—we are saying that the £117 million cost is over the next three-year period. It is clear that that averages out at £39 million a year, but subsequently there will be an additional estimated £50 million a year. There is an £11 million a year difference between £39 million and £50 million. There seems to be a hell of a big percentage jump in the fourth year. Why is that?

**Dr Kemp:** Shona Struthers might want to come in on the way that it works. That is the implementation period. The lecturers are all moving towards the new pay scale over three years in several tranches, so the amount will not leap up to the final amount in year 1. In the case of the support staff, the job evaluation will not have been done in year 1, so there are no costs. There is phasing in throughout that period, as well.

**Alex Neil:** There is £117 million over three years. What are the amounts in years 1, 2 and 3? If you do not have that information ready to hand, you can send it to us.

**Shona Struthers:** We can.

**Alex Neil:** It would be useful to see that there would not be an excessive jump in year 4.

**Shona Struthers:** It is just a phasing issue. For lecturers, for example, the figure in year 1 is 25

per cent, then there is another 25 per cent, and the amount is 50 per cent by year 3. Therefore, there is phasing. For support staff, it will be next year before the job evaluation is started. Again, there is back-end loading.

**Alex Neil:** You talked about a three-year period. To clarify, is this year 1 or is that next year?

**Shona Struthers:** This year—2017-18—is year 1.

**Alex Neil:** Right. We have heard from the Scottish Government that this year's rise has been fully funded.

**Shona Struthers:** Yes.

**Alex Neil:** Perhaps I am asking about this too early before next year's budget, but do you have any estimate of how much additional money would be required in the college sector if the Government were to fully fund the rise next year?

**Paul Johnston:** That gets into the territory of the further scrutiny and work that we need to do together on the figures to ensure that we in the Government—

**Alex Neil:** Do you have a ballpark figure?

**Paul Johnston:** I cannot give a figure to the committee today.

**Alex Neil:** Okay—thank you.

**The Acting Convener:** Bill Bowman has been waiting patiently.

**Bill Bowman (North East Scotland) (Con):** Some of the issues that I was going to ask about might have been covered. I do not know whether it is encouraging to know that we still act on expectations.

The impression that you gave in your opening statements was that everything is going swimmingly except for the money. We have dealt with national bargaining and the sustainability of the colleges' current operation—that is clearly set out in Colleges Scotland's submission.

I want to turn to the long-suffering students. In the capital investment section of your submission, you say that

"The condition of the college estate is variable"

and that

"some college campuses are in a very poor state of repair and require urgent attention".

It is clear that investment is needed. How is that being dealt with?

**Dr Kemp:** As the Auditor General's report mentions, a condition survey has been carried out in the college sector. That reported to us in the summer and we are in the process of beginning

validation of individual campus figures with colleges. The overall figure will feed into the spending review. It is the first time that we have done a major estate survey for several years, partly because many of the college estates have been renewed fairly recently. Quite a number of large new estate projects have just come on stream, but there are still some bits of the college sector estate that have not been touched by that programme, and the survey looks at the cost of bringing those up to various standards. That information will be fed into the spending review.

**Bill Bowman:** You say in your submission:

“some college campuses are in a very poor state of repair and require urgent attention”.

That suggests that you should be doing something now.

**Dr Kemp:** Yes—and that is why we are feeding the relevant information into the spending review.

**Bill Bowman:** But that sounds like a process that could take some time.

**Dr Kemp:** The capital funding that we have is fully utilised—it is out with the colleges. The estate survey indicates what is needed over the next few years, and that information will be fed into the spending review.

**Bill Bowman:** So some students are suffering a disadvantage.

**Dr Kemp:** There is a variety of levels of estate in the college sector. There are some very new buildings that have excellent facilities and there are bits of the college sector estate where that is not the case, and those need to be dealt with.

**Bill Bowman:** You say that they need to be dealt with, but it does not sound as though something will happen this year for the people who are going back to college at the moment.

**Dr Kemp:** I will give an example. An estate project that has been identified in recent years is the Falkirk campus of Forth Valley College. There is an on-going project to build a new campus in Falkirk; if it is not in the ground already, it will be in the ground soon. There is an on-going programme to look at campuses and identify repairs and replacements, where those are necessary.

The estate condition survey that I mentioned looks to the future—it considers where we should go next with that programme. However, work is already under way. City of Glasgow College's Cathedral Street campus opened quite recently, a new campus opened in Kilmarnock and, as I said, a new campus is being worked on in Falkirk. There is an on-going programme, but there is more to be done.

**Bill Bowman:** Could the line in your submission be amended to say, “some college campuses are in a very poor state of repair and are receiving urgent attention”?

**Dr Kemp:** Some of them are, but not all of them will receive such attention in the future, because we need to feed that information into the spending review and work out plans.

**Bill Bowman:** When might that happen?

**Dr Kemp:** The spending review is under way and we will hear the outcome within a matter of months.

**Paul Johnston:** Absolutely. If we look at the figures for this financial year, capital investment in the college sector has increased by more than £20 million to £47.4 million. That includes some of the big projects that Dr Kemp has referred to and some of the more routine work that is needed. Once we receive the detailed estate condition survey, we will work with the funding council to ensure that future decisions on capital funding reflect what it says.

10:00

**The Acting Convener:** I want to pursue that point slightly further. We have seen coverage of buildings being at risk. We want your assurance that no buildings are in a critical state or at risk and that there is money available to deal with urgent health and safety issues now.

**Paul Johnston:** The health and safety of students and those who work in colleges is paramount. I give an assurance that, should any issues arise that require to be addressed immediately for health and safety reasons, that will be done.

**The Acting Convener:** That is very helpful.

**Willie Coffey (Kilmarnock and Irvine Valley) (SNP):** I am delighted that Dr Kemp mentioned the wonderful Kilmarnock campus. It is a stunning building and the students and staff really enjoy the experience that they have there.

I want to talk about the broad student experience. Mr Johnston mentioned that the whole purpose of college is to prepare students for the workforce, employment and further education. The satisfaction rates in the Auditor General's report are clear and impressive: 90 per cent of students are satisfied with the experience. More importantly, 83 per cent go on to positive destinations.

How do we track where the students go to work in the local economies? As you probably know, Ayrshire has a particular problem with overall employment compared with the rest of Scotland. How do we shape the courses that the colleges

offer to serve the needs of the local economy? How do we track that? What engagement takes place with Skills Development Scotland to make sure that the students who come out of Ayrshire College are able to fit into the workplace and the economy in Ayrshire?

**Aileen McKechnie:** I will say a few words before handing over to John Kemp.

The ambition of the Government's reform agenda is to create new colleges of scale that are better able to engage with national agencies such as Skills Development Scotland, national employers such as the health service, universities, schools and industry. Such colleges can better understand the needs and opportunities within their region and refocus their curriculum to best meet the needs of the region and deliver people who are employable and qualified in relevant courses.

There is now much closer working with Skills Development Scotland, which is important, and greater scrutiny of skills investment plans so that there is an evidential base to underpin college delivery. That demonstrates the success of the college reform journey that we are on.

**Dr Kemp:** As you probably know, the funding council funds colleges through outcome agreements. We have an outcome agreement with Ayrshire College about what it is delivering for its local area. That is built in part on a regional skills assessment, which SDS leads on. We expect the two to fit together, and we work closely with SDS to achieve that.

With the conclusion of the enterprise and skills review and the setting up of the new strategic board, there is now a workstream on closer alignment between SFC and SDS. We are exploring how we bring processes far closer together so that people in college, apprenticeships and all the other kinds of provision are linked to what the Ayrshire area's economy needs. That happens already, but we can take it to another stage after the enterprise and skills review by working even more closely with SDS.

**Willie Coffey:** How does this or any other committee of the Parliament get a glimpse of that and of where the students end up in the local economy? How do we get a sense of that work so that we can assess it? Does anyone capture data?

**Dr Kemp:** We do capture data on destinations, as we mentioned earlier, but we do so six months after graduation.

There is a piece of work yet to be done, although it is being developed, to bring the college statistics into line with the higher education statistics. We used to have six-month destination data for higher education but did not know where

people were four or five years out. That system has been replaced by a programme of statistical work in which people are tracked through their tax status so that it is known where they work and how much they are earning, and that information can be related to a particular degree.

A couple of weeks ago, I had an interesting meeting with SDS about how we could track apprentices in the future to find out what the return is. That would involve establishing whether they go into a job, how long they stay in it and what their wages are over several years. The way forward is to track through other data sets, such as tax, how much somebody is earning and what their journey through employment has been in five years' time. That would be done in a consistent way, whether they had done an apprenticeship, a college course or a university course.

Such work is completely in the area of the enterprise and skills review; it would help us to make better decisions about where to put our investment. More to the point, it would help young people or parents to decide what to do if they knew that, five years after doing a particular course, they were likely to be in a particular destination. That work is complex; it requires all parts of the Government to work together, and it involves permissions and so on. The Government cannot click its fingers and do it overnight, but that is the direction in which we should be aiming.

**Willie Coffey:** That kind of work would be welcome. It would be useful to have evidence on whether what we have done has made a difference.

**Shona Struthers:** At the end of September, Colleges Scotland will launch a piece of work with the Fraser of Allander institute to look at the value that college graduates bring to society. That will demonstrate the value of a college education.

**Willie Coffey:** That is super.

I am keen to show that I am not just bleating on about Kilmarnock. At a previous committee meeting, we heard from Lews Castle College in Stornoway, and members were particularly sympathetic about its difficulties in meeting its targets year on year. We found that the same model that applied to Lews applied to Edinburgh College, which is one of the biggest colleges in Scotland. Is any thought being given at Scottish Government level to adapting the model to allow Lews Castle College to better achieve the targets or to modifying the targets, so that it does not feel as though it is being told that it is a failure every year?

**Paul Johnston:** That is a matter for the Scottish funding council to take forward, with support from the Scottish Government, so I will hand over to Dr Kemp.



**Dr Kemp:** The Minister for Further Education, Higher Education and Science wrote to the committee to explain some of the ways in which Lews Castle College was funded. The decisions about precise levels of funding are now matters for UHI, to which it is assigned. However, we are keen to recognise in the way in which we fund colleges that Edinburgh College cannot be funded in the same way as Lews Castle College, West Highland College or Orkney College. They are of different scales and they serve completely different demographics.

We are currently reviewing our system of funding, which has an additional payment for rural areas, and will consult soon on where to take it. The old system was invented pre-outcome agreements and was fairly formulaic—it was based on the rurality of the area, where the students came from and campus sizes. Now that we have outcome agreements, we can sit down—in the case of Lews Castle, it would be UHI that would do this—and say, “We have an outcome agreement that you serve this area.” Instead of the funding discussion being based on formulas and student number targets that might not be met, we can have a more honest discussion in which we say, “This is the number of students you need, but the amount of rurality funding on top will be X.”

We want to move in the direction of being clearer about what we fund in an area so that, instead of only funding per student, we fund per student but also agree how the college will serve a rural area. Some colleges in rural areas do not have huge additional costs—they might serve people from rural areas entirely from a big building in a city, to which the students travel in. Others, such as Lews Castle College, are necessarily very small and have additional costs. Others are like West Highland College, which has about 10 tiny campuses spread around the west Highlands.

All those colleges need to be supported in different ways, and our consultation—which should be out in the next few weeks—will look at how to do that. We recognise the points that were made by the representatives of Lews Castle College when they were in front of the committee about it being challenging for a small college that is in an area where it cannot get economies of scale.

**Willie Coffey:** That is really encouraging. We do not want to hear that the college staff are continually being told that they are failing when, in fact, they are doing some fantastic and amazing work that is valued around the community.

**The Acting Convener:** I am conscious that the committee receives a number of section 22 reports about colleges from the Auditor General—we probably get more about colleges than we receive about anything else, although I stand to be

corrected on that. What does that tell us about governance and issues of financial sustainability? Can we learn from that so that we do not need to see quite so many section 22 reports in the future?

**Dr Kemp:** Some of the section 22 reports that you received last year—not those that you are considering in this parliamentary year—were very much about governance, and lessons have been learned from them. For example, in direct response to the events at Glasgow Clyde College, which one of the section 22 reports was about, a good governance task force was set up and that has done its work. There are areas out for consultation at the moment that will further implement the work on governance. Lessons have been learned on that.

Some of the reports this year are slightly different. Some relate to governance, but a lot are about financial sustainability, and we are also learning the lessons on that with regard to how the SFC engages with colleges. We use an internal early warning system to understand where colleges are not meeting targets, where there might be financial issues that emerge from financial returns and where there might be governance issues, so that we get on to issues earlier and—we hope—tackle them before they become section 22 issues.

The reports are part of a learning process, and we have learned quite a bit from the governance-related ones from a couple of years ago.

**The Acting Convener:** We look forward to receiving fewer in the future.

For the time that we have left, we move on to student numbers. Up until 2015, the Scottish funding council said that there were something like 140,000 fewer places in colleges since 2007. Please correct me if I am wrong about that figure. For 2016, the number rose to 152,314—again, please tell me if that is not accurate. I am interested in pursuing that, because there was some debate in the press about the figures that were used. My understanding is that, in discussions with the Auditor General, the issue is about the start date for when you measure things rather than the accuracy of the figures. Is that correct?

**Dr Kemp:** The Auditor General explains that, in part, in her report. We count figures for all the colleges that we fund and for the funded activity, which means that we look at a slightly wider set of colleges than the Auditor General reports on. She reports only on the incorporated colleges. That excludes some colleges in the Highlands, which is why we have slightly different figures, although they are broadly consistent. Ours point to a very slight increase in the number of students and hers point to a very slight decrease, but the figures are

broadly flat. The issue is that we count a slightly different set of students, because we count a slightly wider set of colleges.

**The Acting Convener:** Let me stick to the set of students that the Auditor General counts, because that is what the committee considers. She noted a decrease—albeit that we could argue about whether it was slight—in the total number, but the number of full and part-time places fell and, in particular, the number of students in the 16 to 24-year-old age group fell. Have you explored the reasons behind those reductions, particularly among the young age group, and whether you need to take any corrective action to address the issue?

**Dr Kemp:** Part of the reason for it, which relates to things that the Auditor General has mentioned, is that a demographic change is happening and the number of young people in that age group has been dropping for some years. It will begin to increase again—you can see that in school populations—but, at the moment, the trend is still downward, which will have affected the number of people of that age group in colleges.

10:15

In addition, some of the imperatives that led to the focus on that age group in the period after the recession are now beginning to go. Employment for young people is growing, they stay on longer at school and more go to university. We constantly look at demography and what is happening with colleges. The number of people who leave school and enter college at 16 has halved over the past decade and the number who leave after S6 has rocketed. People are leaving school later and entering tertiary education later, which is affecting the situation, too.

There are a number of factors that mean that, because there are other destinations for young people, the age band has moved up slightly, which gives us opportunities to provide more part-time courses for older people and to focus on a different group. Just as we had to prioritise elsewhere in previous years, we now have an opportunity to do something different.

**The Acting Convener:** So you anticipate being able to take up the slack by once again offering courses to a slightly older population.

**Dr Kemp:** Yes.

**The Acting Convener:** Excellent. That is good news.

Demand for college places varies from place to place, but you do not appear to record the overall level of demand at a national level, or do you?

**Paul Johnston:** That is a piece of work that is being taken forward at the moment by the Government, the funding council and Colleges Scotland as we respond to some of the Auditor General's recommendations and take forward our work on the learner journey. We are looking at the merits of a common application process that would give us an overall national picture of demand, which we all accept that we do not have now. Presently, we are in a series of consultations with those in colleges who have a particular interest in looking at the merits of and the issues that might be associated with moving to a common application process.

**The Acting Convener:** That is helpful to know.

**Alex Neil:** Paul Johnston said that a record level—41 per cent—of all activity in colleges is higher education and, obviously, colleges are extremely successful at improving access for people who are underrepresented in higher education. I have a factual question. What is the 41 per cent of higher education activity in colleges as a percentage of total higher education activity in Scotland? Is it about 20 per cent?

**Shona Struthers:** It is 28 per cent.

**Alex Neil:** Is that a record level, too?

**Shona Struthers:** Yes, I believe that it is.

**Alex Neil:** A lot of those people are the very people whom we are targeting with access programmes. Do we know how many of them transition from college to university?

**Dr Kemp:** We are keen to encourage people to transition to university with advanced standing so that they get credit for the higher nationals that they have done at college. About 4,000 people do that each year and, on top of that, another several thousand go on to university and go back to year 1, sometimes because they have changed direction and are doing a different course. However, there is room to push the 4,000 figure further and get more of the people who go to university to go in with advanced standing, because it is a very good way of widening access. The demographic make-up of HE in colleges is very different from that in most universities and it offers a route in that would not otherwise be there. Therefore, it is a very valuable route.

**The Acting Convener:** As there are no further questions, I thank the witnesses for coming to give evidence to the committee.

10:18

*Meeting continued in private until 10:51.*

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