

News release

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Colleges' financial challenges increase

The financial challenges facing Scotland's college sector have increased, says the spending watchdog.

An increase in Scottish Government funding to colleges will cover only the costs of making staff pay and conditions consistent across the sector. Meanwhile, money allocated for buildings and infrastructure will fall short of the estimated costs of maintaining the college estate.

Most colleges are forecasting deficits in the next five years, as the gap between their income and expenditure continues to widen. Only a small number of these colleges were found to have identified specific actions to deal with shortfalls.

Despite these challenges, student numbers have increased, and the sector continues to exceed its learning activity targets. However, there is wide sector variation in measures of student success, such as numbers completing their course or getting a job. And there is room for clearer Scottish Funding Council reporting on colleges' performance, including around student satisfaction figures.

Caroline Gardner, the Auditor General for Scotland, said: "Colleges are increasingly dependent on public funding to cover their costs, and it is likely that the gap between their income and spending will continue to widen without action.

"Tighter budgets make financial planning even more important. Colleges and the Scottish Funding Council need to do more to ensure they are as well-prepared as possible to deal with ongoing pressures."

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For further information contact Patrick McFall Tel: 0131 625 1663 / 07786660171 pmcfall@audit-scotland.gov.uk or media@audit-scotland.gov.uk

Notes to editors

1. Colleges received £606.5m in Scottish Government revenue funding in 2019/20, compared to £588.9m in 2018-19. This 1 per cent real terms increase is to fund the cost of harmonising staff pay and conditions. This is calculated at £50m per annum from 2019-20 by the Scottish Funding Council and Colleges Scotland.
2. In 2019/20 capital funding for the sector reduced to £47.6m. Forth Valley College's new campus accounts for £22.7m of that figure, with £21m allocated to lifecycle and maintenance backlog costs. However, the SFC and colleges estimate lifecycle maintenance costs alone will cost £22m in 2018/19, notwithstanding the £77m the SFC identified as priority backlog maintenance costs in their 2017 estates survey.
3. There were nearly 242,500 college students in 2017-18, an increase of around 6,750. But over the past three years colleges have been providing fewer credits to students aged 16-24 and more to students aged 25 and over.

4. Fewer students completed their courses in 2017-18 but a slightly higher proportion of those students gaining a qualification are going on to positive destinations.

5. Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk

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