

News release

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Change needed to overcome colleges' challenges

Scotland's colleges responded well to Covid-19, but changes are needed to ensure they are financially sustainable in the long term and more students graduate.

Covid-19 funding contributed to a better-than-expected end of year operating position for the sector in 2020-21. However, colleges' finances are forecast to deteriorate.

Colleges responded well to the shift to online learning during the pandemic. But the proportion of students successfully completing their course has fallen. On average, socially disadvantaged and vulnerable students are less likely to successfully complete their course than their peers.

Wide-ranging recommendations to improve the college sector were made by the Scottish Funding Council (SFC) in 2021, including multi-year funding assumptions. They were broadly accepted by the Scottish Government, which is due to set out the future role of the college and university sectors in 2023. In the meantime, it is important that the government and the SFC support colleges to plan for change.

Stephen Boyle, Auditor General for Scotland, said:

"The challenging financial situation facing colleges will make it difficult for the sector to balance the delivery of high-quality courses and Scottish Government priorities.

"Changes are needed to ensure the sector is financially sustainable in the long-term and more students successfully complete their courses.

"Colleges need support to plan for those changes, and the Scottish Government needs to work with the SFC to put its plan into action at the earliest opportunity."

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Notes to Editors:

1. The proportion of students withdrawing from courses in 2019-20 was around one in five full-time further education students (20.8 per cent). By 2020-21 this had increased to 27.7 per cent.
2. Fewer college leavers went onto work, training or further study in 2019-20 – 84.4% compared to 87.8 per cent in 2018-19.
3. College sector funding for the upcoming academic year 2022-23 has fallen, down five percent to £696 million compared to 2021-22. In real terms, this is a fall of nine percent, to £654 million. Reductions in funding are exacerbated by inflationary pressures and rising costs, putting further stresses on college finances.

4. The Scottish Government and the SFC are starting to take forward the recommendations in the SFC review of further and higher education and research across Scotland. They have prioritised a range of work, including setting out a longer-term vision and intent for the college, university, skills and research system (known as the 'purpose and principles'). Another priority is a new National Impact Framework, which is intended to clarify the outcomes expected from colleges and universities and how they will be assessed.

5. Audit Scotland has prepared this briefing 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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