



Sue Webber MSP

Convener, Education, Children and Young People Committee
The Scottish Parliament
Edinburgh
EH99 1SP

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Dear Sue,

College Regionalisation Inquiry

The Scottish Funding Council (SFC) welcomes the Education Committee's report into College Regionalisation, and thanks the Committee again for the opportunity to give oral evidence.

As outlined in our evidence to the Committee, SFC considers that Scotland's colleges are agile, responsive and flexible, playing a huge role in reaching those who are furthest from the labour market and in supporting social mobility. Moreover, colleges are pivotal to delivering the National Strategy for Economic Transformation, in particular through their contribution to skills delivery.

The Committee has highlighted a number of successes as a result of regionalisation, including greater coherence in the curriculum across the regions, the creation of platforms to engage with local businesses and improved student support. These successes demonstrate that colleges continue to adapt and deliver for learners and play an essential role at the heart of Scotland's communities.

SFC recognises the Committee's acknowledgment of the challenges facing the sector, both as a result of regionalisation, and more widely. We will continue to work in close collaboration with Scotland's colleges, the Scottish Government, and other stakeholders to support their sustainability and effectiveness.

The Committee made a number of recommendations in regard to SFC, which we address in the Annex below. I hope that Committee members will find this informative.

Yours sincerely,

Karen Watt

Chief Executive

Annex A – SFC Response to Education, Children and Young People Committee

Alignment

Paragraph 94

As the Committee noted in its report, in 2022 a Shared Outcomes Framework was agreed between the Scottish Government, Skills Development Scotland (SDS) and the Scottish Funding Council (SFC). This framework sets out how the Scottish Government, SFC and SDS monitor and report on collaborative projects, including for example, skills outcomes in the National Strategy for Economic Transformation and the Climate Emergency Skills Action Plan.

Working relationships between SFC, SDS and the Scottish Government have been further strengthened by the development of the Shared Outcomes Assurance Group (SOAG). Reporting to SOAG enables SFC and partner organisations to demonstrate the cumulative impacts and learning from projects and the collaborative approach to alignment.

Not all joint working and activity is overseen by SOAG. There is effective working and communication between the SFC and SDS operational teams on a regular and ongoing basis. For example, the development and publication of our respective Strategic Plans were closely aligned through strategic planning and communications team engagement.

In addition, the formation of the Graduate Apprenticeship (GA) and Foundation Apprenticeship (FA) enhancement group is led by the Scottish Government, supported by SFC and SDS with other stakeholders, and reflects the joint operational delivery responsibilities that SFC and SDS have for GAs and FAs, which require continuous joint working.

SFC welcomes the publication of James Withers' final report of the Independent Review of the Skills Delivery Landscape, and the Scottish Government's Purpose and Principles for post-school education, research and skills.

Withers' recommendations – many of which align closely with those in our [2021 Review of Coherent Provision and Sustainability](#) - are wide-ranging and seek to ensure that Scotland's skills landscape is responsive, connected and delivers for both learners and employers. SFC looks forward to engaging with the Scottish Government, partner agencies, and stakeholders on future reform decisions.

Regional Boards

Paragraph 149

An options appraisal advising Ministers on the future of the Glasgow Colleges Regional Board (GCRB) has been carried out. These options are currently under consideration by the Scottish Government.

Work regarding the Lanarkshire Strategic Regional Board (LSRB) was delayed to allow due process to be followed on governance and HR matters at South Lanarkshire College. SFC meets regularly with the LSRB and will work with the Board to develop a range of options for the future.

We are continuing to engage closely with UHI RSB as they progress their reform programme, UHI 2024, and we are developing an options paper for Scottish Ministers. We recognise that the process

for delivering reform in the region will take some time and will include a period of consultation with the RSB and a wide range of stakeholders.

Articulation

Paragraph 275

For more than a decade, SFC has driven an increase in non-traditional access to universities through a commitment to articulation between colleges and universities. We have encouraged institutions to commit, through their Outcome Agreement, to offering students articulation with advanced standing (full academic credit for prior study) onto their degree programmes. This is primarily facilitated by formal articulation routes, whereby HNC and HND college students progress into year two or three of a university degree.

In 2021-22, 8,690 students entered university first-degree courses with an HNC/D qualification achieved in the last three years. Of those, 4,705 (54.1%) entered university straight into year 2 (if they held an HNC) or straight to year 3 (if they held an HND), i.e., they articulated with advanced standing. Of the 4,705 students articulating with advance standing, 23.7% were from the 20% most deprived areas, while 24% had a declared disability.

It is important to note that articulation with advanced standing is not a mandatory pathway – some students may still choose to start in an earlier year of university despite having the option to articulate with Advanced Standing. On articulation more widely, priorities and entry requirements of different institutions vary, and it is not always possible or appropriate for a learner to articulate into the later years of a university degree course. Nor might student preference or curriculum matches allow for this to happen. In addition, some learners may graduate with a HN-level qualification, but not go directly onto study at university, returning to education later in life.

In our 2021 Review we stated that: “our national targets on articulation should be reviewed to consider a wider consideration of fair access pathways” and that our priorities are to achieve fairness of entry and recognition of prior learning.

We continue to believe that there is a significant role for articulation to play in the delivery of fair access and pathways, but that it cannot be the main or only option available to learners. For example, in recent years there has been a significant focus on enabling learners from disadvantaged communities to access university directly. In addition, over the last decade there have also been changes to the school and post-16 qualifications landscape, through the Curriculum for Excellence and introduction of new apprenticeship routes, with further changes anticipated resulting from the Hayward Review and forthcoming Muir Review.

SFC believes there is more we could do to encourage institutions to provide multiple entry points into their provision and to promote the pathways and entry routes on offer. In our Review we recommended that SFC work with students and institutions to develop a refreshed set of institutional expectations on fair access pathways, which:

- Would deliver guaranteed and fair progression for students.
- Fully recognise student talents and relevant SCQF credits.

- Support efficient learner journeys that do not require students to repeat unnecessary levels of study.
- Are co-designed and support the evolution of a tertiary system education pathways through college and university.
- Recognise a wide range of qualifications including apprenticeships.
- Are focused on fairness but enable institutional diversity.

College Data Collection

Paragraphs 297-8

SFC publishes data for colleges that cover both Further Education (FE) and Higher Education (HE) in Scotland. This supports our work with colleges to measure and improve performance across the sector. Our College Performance Indicators (CPIs) publication provides an annual overview of colleges' FE and HE provision, by analysing enrolled student outcomes, informing stakeholders about the performance of the sector, and helping colleges benchmark their performance against other colleges in Scotland.

As such, our CPIs concern the performance of institutions, not individuals. We seek to provide information colleges can use to improve their performance. As such it is not the function of this work to collect real-time learner data, for use in making interventions concerning individual performance as this is the role of each college.

Enrolments

It is important to note that in our CPIs, SFC collects and publishes data on student enrolments, not student headcount. This takes into account that, in contrast to university study, college students often enrol on multiple courses within one academic year. Hence, one student may have several enrolments with the potential for multiple successful and non-successful outcomes within a year. This approach ensures that we are capturing the outcomes for all courses and is consistent with the approach of the other UK nations.

We understand the desire of the Committee for more individual-level data about students and their college journey, however, SFC considers that, in addition to the reasons outlined above, the continued collection of enrolment data is also of benefit to the student as it allows for an assessment of performance at course level and the identification of possible issues with a programme. This is of particular benefit when a student is enrolled on multiple courses and may be observed to performing well in one study but not the other. SFC will continue to collect and publish statistics regarding enrolments, not individual students, within an academic year.

Success

The three outcomes provided in the CPIs are:

- Completed Successful

- Partial Success
- Withdrawal

This current single, overall, withdrawal figure is comprised of both ‘early withdrawal’ and ‘further withdrawals’. Early withdrawals capture those students leaving a course before 25% of the course has elapsed, in contrast to further withdrawals which indicate that the student attended past that 25% cut-off but withdrew from their studies before the course ended. Colleges can claim teaching funding for the student once they have completed 25% of their course.

Following consideration of the above outcome measures, SFC will be changing its published CPI withdrawal measure to exclude early withdrawals. This will bring the measure into closer alignment with statistics published by the other UK nations (which show separate consideration of early and further withdrawal) and the equivalent university metric.¹

We will still publish data on early withdrawal alongside the other CPI outcomes as a separate metric on student success, as we appreciate the differences in early and further withdrawal but note that the former still represent a financial and time investment for both the individual and the college (though not SFC/Scottish Government) and ought to be considered.

Reasons for Non-Completion

In regard to the Committee’s interest in reasons for non-completion, SFC has already initiated the collection of information on students’ reasons for withdrawal from colleges, (a list of these can be found in Annex B). We commenced collection of this data at the start of the AY2021-22. We consider collection of the reason for withdrawal is a valuable tool for colleges in observing trends and understanding the high-level reasons students do not remain at college, so that they can take appropriate action.

This data is collected by the individual college at the point of the student’s withdrawal. At present, there are substantial institutional differences in the ability of colleges to collect this data. The first year of this data collection was during AY2021-22, i.e., during the Covid-19 pandemic, and is therefore considered experimental.

SFC is working with Colleges Scotland and College Development Network (CDN) to improve the capture of student withdrawal data in future years to enable publication. SFC will incorporate these statistics on early withdrawals into future publications in order to provide greater context for the reasons why students do not complete a course.

Rest of UK

We have undertaken a review of our data considering to what degree greater comparability with rest of the UK data can be established. As highlighted above we are instigating a change to our withdrawals measure to bring this into alignment with the rest of the UK nations. However, after extensive assessment of the other UK nations’ data publications, we have concluded that, due to the

¹ University data submitted to HESA excludes students who withdrew before an SFC-defined threshold for funding. The statistics for university study withdrawals thereby exclude students who withdrew from study as an early withdrawal.

substantive operational differences between the sector in each nation, and in how other nations measure success, it is not possible to improve comparability further. We would note that there is no evidence of greater comparability between other nations' publications, for example, between England and Northern Ireland.

Destinations of Leavers

SFC's College Leaver Destinations (CLD) publication provides information on the destinations of successful, full-time, college leavers in Scotland. The focus of this publication is sector leavers with known destinations. Positive destinations are considered to be work, training, and/or further study (3-6 months after qualifying) and are presented alongside the percentage of leavers that are unemployed or unavailable to work.

We acknowledge the Committee's ask that SFC consider how the data collected from colleges on the destination of FE learners could be collected in a timely manner. An examination of our process for collating and publishing CLD data has found that SFC does not lag behind other nations in producing this information and that we publish our CLD data as soon as is practicable given its primary purpose is to provide for an assessment of leaver destinations from between three to six months after course completion (noting that publications from England and Northern Ireland also capture leaver data six months after completion).

For example, CLD statistics for AY20-21 leavers from Scottish colleges were published by SFC in October 2022. For comparison, looking at the data published for college leavers in other UK nations for the AY20-21 (which ended in June 21) the Northern Ireland statistics on the destinations of FE leavers were published in November 2022, with the data for England scheduled to be published in October 2023.

We further note the desire of the Committee for data tracking longer-term outcomes of learners. The Scottish Government's Advanced Learning and Skills Analysis Team is currently responsible for reporting on longer term educational outcomes as part of their LEO publication series. The data presented in the CLD on destinations after six months, is consistent with the information published by other UK nations in their publications, noted above.

Future Actions

Overall, given SFC's role in collecting and publishing college data, and with the proposed change to the withdrawal outcome and collection of data on reasons for withdrawal, we believe our publications provide valuable data that contribute to the wider assessment of college performance, and which are consistent with the data collected by other UK nations.

However, SFC is undertaking an organisation-wide review of our publications, which will encompass both CPIs and CLDs. As part of this process, we will engage with users and providers of college data.

National Impact Framework

Paragraphs 299 & 343

In our Strategic Plan 2022-27, SFC stated that we: “will develop a national impact framework and associated accountability and quality assurance mechanisms to align with the Scottish Government’s priorities for the sector and to better inform our decision-making and improve public value.”

In June 2023, the Scottish Government published the final report of the Independent Review of the Skills Delivery Landscape and its Purpose and Principles, a “framework for decision-making for post-school education, skills and research to ensure the system is fit for the future, delivering the best outcomes for learners, employers and the public investment we make”. The Purpose and Principles publication outlined 73 short, medium, and long-term outcomes for education and research.

We are in discussion with the Scottish Government about the place of a National Impact Framework, given the government’s recent publications and education reform considerations. However, we are continuing to develop a revised approach to assurance and accountability, including a streamlined approach with priority outcomes for institutions, which will better monitor and evidence that SFC statutory duties and SG policy priorities are being delivered.

Financing

Paragraphs 340-2

For AY2023-24 SFC is introducing new funding flexibilities. These are discussed in greater detail later, but include rebasing credit allocations for all colleges, lowering these by 10% but balancing this reduction with a price increase to ensure that there is no overall reduction SFC’s teaching funding. This has also gone hand in hand with the removal of some of the crisis-based mitigations, in our guidance regarding credit claims, that we introduced to help colleges and students deal with the impacts of the COVID-19 pandemic.

These changes signal a more dynamic approach to funding that enables individual colleges to deliver activity that is right for their region, students, and mission. The credit allocations represent the minimum threshold level of credit-bearing learning and teaching activity that colleges should aim to deliver to avoid the recovery of funds.

Regarding the differences in funding for colleges and universities delivering courses at the same SCQF level, SFC recognises that the SCQF encompasses a broad range of qualifications on the same level, with differing costs, which, as noted by the Scottish Qualifications Authority (SQA), differ in terms of subject purpose, size and credit points.

Governments across the UK developed the TRAC methodological framework for use by universities to cost all activities that provide or support teaching – such as the cost of preparing for and holding lectures, seminars and tutorials. However, there is no comparable data collection for the college sector. Without this, we must identify those factors which distinguish university from college provision. These include, for example:

- Comparison of costs for a year one college course against a year one university are not fully illustrative. SFC funds a four-year university course on an averaged basis over the four years of the course. In reality, third and fourth year provision is usually more expensive to deliver, due to smaller class sizes, dissertations, projects and equipment costs. We take this 'averaging' approach for reasons of operational efficiency, but in practice the costs in delivering a degree course rise throughout its duration. The costs of college courses do not rise in the same fashion.
- Universities must fund the process to develop, accredit and award their qualifications. Colleges use the framework provided by SQA and other awarding bodies and so do not have the same cost to bear.

SFC considers that more robust evidence is needed on the costs of college teaching.

SFC is part of a tripartite group along with the Scottish Government and Colleges Scotland which, as part of its wider work, will investigate ways to determine the accurate cost of teaching delivery in college settings to support consideration of a range of issues, including questions of funding at HND/HNC level across universities and colleges.

SFC has reviewed the average gross price per college and university place between 2013-14 and 2022-23. This analysis shows that the gap between the university and college average closed by £628, from £3,132 to £2,504. With the new approach to college funding for AY23-24 (discussed in more detail below) the gap has narrowed further, to £2060. For comparison, in the AY23-24 year the price for colleges has increased by £499, while the increase for universities is £55.²

SFC is committed to promoting and supporting fair access to, and successful pathways through, tertiary education. We provide funding to colleges for bursaries, childcare, Education Maintenance Allowance and discretionary funds for students. Student support funding for AY 2023-24 remains constant at £135m (with a £2m contingency) in line with AY 2022-23. Within this budget we will uplift by 11.1% the maximum FE Care-Experienced bursary allowance to £9,000 to align with the uplift that the Student Awards Agency Scotland (SAAS) is providing for HE Care-Experienced students.

SFC publishes its report into Widening Access annually, which captures several strands of information including progress towards Scottish Government targets (with data on HE entrants to college) but also a broader analysis of FE, capturing data about ethnicity, disability, care-experienced learners, and other characteristics. Our most recent report was published on 25 July 2023.

Flexibility

Paragraphs 365-6

For the academic year (AY) 2023-24, SFC is introducing a more dynamic approach to funding, including changes to guidance, which will enable colleges to deliver the optimal balance of full-time and part-time provision. Minimum activity thresholds have been set for funded allocations as a first

² From £5,054 (22/23) to £5,553 (23/24) for colleges and from £7,558 to £7,613 for universities.

step in working with colleges to move towards allocations that more closely reflect their anticipated student activity.

Our approach for AY2023-24 represents a first step in this process. For AY2023-24, we have rebased credit allocations for all colleges, lowering them by 10% but balancing this reduction with a price increase to ensure that overall SFC funding is unchanged from AY 2022-23. In preparing our allocations for AY2023-24, SFC has made some adjustments for individual colleges, taking into account recent performance and demographics.

Crucially, SFC is maintaining core teaching funding at the same level as last year for the sector as a whole. The reduction in credits by 10% does not, in or of itself, equate to a reduction in student provision. Colleges may choose to deliver above their credit threshold to meet demand from learners and employers in their region. Going forward SFC will consider any under or over delivery and we will aim to redistribute credits (and associated funding) based on an analysis of performance and demographic trends.

Lowering the credit threshold colleges should, while maintaining the overall level of funding, assist colleges to avoid, or minimise, the recovery of funds and support increased certainty for colleges in their planning. To recognise semi-fixed costs, a proportion of SFC's college funding (20%) will not be directly related to the delivery of credits and will therefore not be at risk of recovery where minimum thresholds are not met.

We have also revised guidance on the 'required date' after which college can claim the full planned credits for a student. Colleges can now claim credits for full-time students on courses lasting for over 20 weeks if they are still active after five weeks from the course start date. For shorter courses, the required date continues to be after a quarter of the course has been delivered. This is more generous compared to previous guidance which set the required date for full-time programmes at 1 November and brings colleges into line with universities.

The sector-wide rebasing of credits, with the balancing price increase, is a step towards a more dynamic and forward-looking funding distribution system that focuses more on a direction of travel for student activity, rather than relying so heavily on the retrospective recovery of funds due to under-delivery.

Greater flexibility for colleges around the March financial year-end, to support reprofiling income and expenditure to end July, was a recommendation from SFC's Review.

Maintenance

Paragraph 384

SFC's ambition is for a college estate that delivers a high quality, technologically advanced and sustainable learning environment enabling and enhancing successful learning and skills outcomes for students, staff, and communities.

SFC published its College Infrastructure Strategy in November 2022. The strategy outlines SFC's approach to determining future investment in Scotland's college estate and other college infrastructure. The strategy outlines a set of guiding principles for infrastructure investment, which should:

- Deliver positive student experience and outcomes.
- Provide equal access to suitable college infrastructure across Scotland, including use of digital.
- Enable colleges to deliver their strategic plans.
- Ensure that future capital investment responds to future needs, including digital delivery and does not only replace like for like.
- Provide flexibility of funding to support a range of types and scale of capital projects.
- Demonstrate collaboration, such as with other colleges, schools, universities, Local Authorities, health care providers and local businesses.
- Provide a clear, transparent, evidence-based decision-making process.

The strategy sets out the collective approach SFC and the sector will take to develop an Infrastructure Investment Plan (IIP) for Scotland's colleges. The 2024-34 plan will identify infrastructure investment need, which includes investment for net zero, training equipment and digital needed for a sustainable college estate to deliver the desired outcomes for students, staff, and communities.

An Infrastructure Delivery Group consisting of senior figures from the college sector, Colleges Scotland, the Scottish Government, Scottish Futures Trust and SFC has been established to provide leadership, oversight, and guidance for the preparation of the IIP. The Group will ensure the necessary engagement by colleges and any other support required to ensure consistent and timely progress towards the IIP through clear deliverables, milestones, and timescales for delivering the Infrastructure Investment Plan.

In FY 2023-24, SFC has provided greater flexibility to colleges by combining backlog and lifecycle maintenance allocations into one capital maintenance funding allocation at the same level as FY 2022-23. We have retained £4.7m of the increased budget from FY 2022-23 to support the highest priority needs, including known and emerging health and safety issues, during FY 2023-24. Guidance [outlining the principles and process](#) for colleges to access the £4.7m ringfenced capital maintenance fund was published in June 2023.

Strategic Direction

Paragraph 408

SFC welcomes the recent publication by the Scottish Government of its Purpose and Principles for post-school education, research and skills. SFC will support the government in the implementation of agreed priorities for change.



Annex B – Reasons for Withdrawal

- Academic issues (unsatisfactory progress, engagement, or performance)
- Caring responsibilities
- Deceased
- Digital accessibility issues (problem accessing off campus internet and/or accessing a personal laptop or other device to undertake on-line learning activity)
- Dissatisfied with blended learning / on-line learning experience
- Dissatisfied with course / content
- Disciplinary / Exclusion (including Safeguarding / PVG related issues)
- Employer / Sponsor withdrew support - financial or time for attendance or redundancy or change of employer
- Estranged / homelessness
- Financial issues (including refused bursary / additional student support funds)
- Health issues (including mental health)
- Non-attendance / college withdrew after lapse of time with no contact
- To take up employment
- Travel issues
- Took up course offer at another institution (college or university)
- Unknown