



OFFICIAL REPORT
AITHISG OIFIGEIL

Education, Children and Young People Committee

Wednesday 4 September 2024

Session 6



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Pàrlamaid na h-Alba

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**EDUCATION, CHILDREN AND YOUNG PEOPLE COMMITTEE
22nd Meeting 2024, Session 6**

CONVENER

*Sue Webber (Lothian) (Con)

DEPUTY CONVENER

*Evelyn Tweed (Stirling) (SNP)

COMMITTEE MEMBERS

- *George Adam (Paisley) (SNP)
- Stephanie Callaghan (Uddingston and Bellshill) (SNP)
- *Pam Duncan-Glancy (Glasgow) (Lab)
- *Ross Greer (West Scotland) (Green)
- *Liam Kerr (North East Scotland) (Con)
- *Bill Kidd (Glasgow Anniesland) (SNP)
- *John Mason (Glasgow Shettleston) (Ind)
- *Willie Rennie (North East Fife) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

- Graeme Dey (Minister for Higher and Further Education; and Minister for Veterans)
- Stuart Greig (Scottish Government)
- Stuart McMillan (Greenock and Inverclyde) (SNP) (Committee Substitute)

CLERK TO THE COMMITTEE

Pauline McIntyre

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Education, Children and Young People Committee

Wednesday 4 September 2024

[The Convener opened the meeting at 10:00]

Pre-budget Scrutiny 2025-26

The Convener (Sue Webber): Good morning, and welcome to the 22nd meeting in 2024 of the Education, Children and Young People Committee.

We have apologies from Stephanie Callaghan, and I welcome Stuart McMillan as a committee substitute.

The first item on our agenda is our final pre-budget scrutiny evidence session. I welcome our witnesses, who are Graeme Dey, the Minister for Higher and Further Education and Minister for Veterans; and Stuart Greig, the head of the governance and assurance division in the Scottish Government's lifelong learning and skills directorate.

We have no opening statement to hear and will move straight to members' questions. John Mason will kick us off.

John Mason (Glasgow Shettleston) (Ind): I made a couple of visits during recess. I visited Glasgow Kelvin College, which is in my constituency, and went with the Finance and Public Administration Committee last week to visit the University of Dundee. Both were clear that they face financial challenges. Will the reform agenda help them to address those challenges?

Graeme Dey (Minister for Higher and Further Education; and Minister for Veterans): In the medium to long term, it absolutely will. Let us take the universities first. They are extremely well placed to respond to—and are responding to—the changes that we are bringing forward. For example, we have a group that is led by the university sector that is producing a reformed and enhanced graduate apprenticeship programme. That is an area of real growth for universities, and they are engaging directly with the Government, across portfolios, to look at the role that they will play in economic growth. There is a short-term benefit in that, for the universities.

There are considerable opportunities for the colleges in that space—particularly in areas such as apprenticeship training, upskilling and reskilling—and there is an opportunity to develop short, sharp courses. The challenges for colleges

are more immediate, and it might take a little longer for the benefits to be seen. Some colleges are clearly better placed than others to take advantage of that.

John Mason: Other members might want to explore that issue more. Are you worried about the financial state of some colleges and universities? They seem to be in quite a serious position down south.

Graeme Dey: We are aware of the situation that exists “down south”, as you term it. We are aware that some colleges are facing more considerable challenges than others. The Scottish Funding Council is across that situation and is providing assistance.

I do not think that there is an immediate issue, but we are working with all colleges and universities to ensure that they have a sustainable future.

John Mason: Other members might want to follow up on that.

There have been calls to accelerate the pace of change. It sometimes seems that any change or reform takes a long time while consultations, surveys and reviews are undertaken. One of the First Minister's themes is that there should be more action and perhaps a little less thinking—that might be the wrong word, but perhaps there should be a little less consultation and review. What is your response to that? Can we increase the pace, or is it inevitable that those things take time?

Graeme Dey: I am sure that Stuart Greig is laughing internally, because I have regular conversations with my officials about my frustration that we cannot move more quickly.

There are reasons why processes exist. For example, we rightly have a consultation running on our proposals on consolidating apprenticeship funding and student support. That is enabling our agenda, and it is right and proper that people are given the chance to do that. If we were to introduce legislation, this committee would require a period of consultation as part of the legislative process and would want the various stages to be gone through. There are good reasons for doing that.

Where we can, we are looking to hasten the pace. In some instances, we will be looking at interim measures that allow us to transition into the space that we want to transition into. However, there are changes that can be made—cultural changes or changes to approach—without the process of consultation.

To pick up on your point about reviews and responding, we have taken time to respond to the Withers review. We have gone through a process

of looking in detail at everything that he has recommended. As we have gone into that, we have discovered some unintended consequences, we have sought resolution of those and we have done a lot of consultation. I have been around the country listening to people. That has been important because the reform agenda is hugely significant—it is massive in scale—and we must get this right.

I think that I have said to the committee before that I would rather take a little bit more time at this stage, in belief that that will allow us to move at greater pace further down the line. I do share your view, Mr Mason; I want us to move at a faster pace than we appear to be moving. However, I would add that, away from the public eye, a phenomenal amount of work is going on to develop the three key areas of apprenticeships, careers and skills planning. I have undertaken to keep the committee apprised, and we will look to continue to do that regularly so that you are sighted on the progress that is being made.

John Mason: That is helpful. As you know, I am also on the Finance and Public Administration Committee, which is looking at public sector reform and trying to simplify things. This is a fairly small country, yet we seem to have an awful lot of organisations out there. I want to make that point, if you are committed to simplifying things.

Graeme Dey: I absolutely take that point, and I hope that we are demonstrating that. There is the move to bring apprenticeship funding into one location from the current twin-track approach. It is the same with foundation apprenticeships—if we can bring that into the one centre, it will be easier to tie it all together, and I hope that it will be more transparent, as well. Transparency and simplification are driving our agenda.

John Mason: Thanks.

The Convener: We had a bit of a head-to-head last year, if you remember, regarding your £56 million of savings from demand-led programmes in last year's budget. In January this year, you did not rule out the prospect of in-year pressures on the budget. I have your wording here. You said that "external factors" meant that you could not rule out more in-year cuts. What update can you provide the committee with today regarding in-year cuts to education spending?

Graeme Dey: One of the difficulties in trying to answer a question as honestly and openly as you can is that you might set hares running. I read the article in question and it was accurate. That is what I said. I was simply trying—and I will do the same today—to weigh up why it is not possible to be definitive at this stage. To give a current example that is relevant to the education budget, the Educational Institute of Scotland

recommended a teachers' pay settlement offer just yesterday. We await the outcome of that, which has financial implications. We are also waiting to learn what consequentials relevant to teachers' pay might be coming from the United Kingdom Government and when they might come. We do not have those numbers or that outcome, so there is a degree of uncertainty.

Of course, unexpected issues can arise in-year. I cannot sit today and categorically rule out the possibility of in-year savings having to be made. However, I am not saying that that will or might be necessary. It is difficult to tell at this stage.

Where and when we are confronted by such a situation, we focus, as you have indicated, on budget lines that are demand led. As I did when we last engaged on this issue, I undertake to keep the committee updated on any changes that occur. I cannot be any more definitive on that, partly because of the example that I have given you.

The Convener: We did have that head-to-head about the specifics and the detail behind those demand-led programmes. I do not know whether we ever quite got that information, which would be useful.

Graeme Dey: We will bear that in mind.

Willie Rennie (North East Fife) (LD): You sound like a passive observer on the matter. Are you fighting in the Government to get more money for colleges, apprenticeships and universities? They have had a pretty rough deal over the past decade. Will that change?

Graeme Dey: As you well know, Mr Rennie, I am always advocating for universities, colleges and apprenticeships with some degree of passion. I was simply weighing out an answer to the convener's question. Of course I want more money for all those things, but I am in a similar position to the committee. You are the Education, Children and Young People Committee and you have to look at the overall picture in education. I am sure that you are cognisant of the fact that if, out of this process, you called for more money for colleges, universities, apprenticeships or all of them, that would have to come from somewhere. We are in the same position with the education budget.

I am not in any way a bystander in the matter. I advocate strongly for all those interests. I just recognise that the situation is not entirely within our control, so I cannot rule anything out or in at this stage.

Pam Duncan-Glancy (Glasgow) (Lab): Good morning, minister. Thank you for answering the questions that you have answered so far.

I understand to a degree the point that you make about the budget, but I will take Willie

Rennie's question further and suggest that there is a responsibility on Government to consider how it will solve the problem. Countless organisations, including the Fraser of Allander Institute and Audit Scotland, have said that, if the Government is serious about even one part of its agenda that it says that it is serious about—the green economy—it cannot achieve its aims for that by making cuts to further and higher education. Therefore, the situation needs cross-portfolio working. What conversations are you having across Government about that? Is there any connection at all to the national strategy for economic transformation?

Graeme Dey: You make a good point. Everything is interconnected—I make that point in the Government. The interconnection manifests itself in areas such as health workforce planning, on which our universities and colleges are actively involved in working with the Government on how to address some of the challenges. It is about more than just money.

It is a good point. The counterargument is that all areas of Government are financially challenged; it is not an issue for the education portfolio alone. I will always advocate for education and for my element of the portfolio.

We have such conversations across Government. In fact, there is a live conversation across Government about skills planning. All portfolios are engaged in that conversation to identify the existing skills need and to find the solutions to it, through working directly with the colleges and universities. I am trying to foster that a bit more across Government and, if that leads to some financial benefit, that will be all to the good.

Pam Duncan-Glancy: That will be welcome. As you will be aware, when Shona Struthers from Colleges Scotland gave evidence to the committee, she said that she had

“never quite seen the college sector as it is now.”

I hope that you agree that colleges are key to delivering the skills that we need to grow our economy and to boost and build our public services. Shona Struthers also said:

“If you are not going to invest”—

you said clearly that the situation will not be addressed by an injection of cash, which is difficult—

“at least be clear about what it is that you ... want to be delivered”.—[*Official Report, Education, Children and Young People Committee*, 12 June 2024; c 3, 29.]

I ask you, minister, if and when you will provide the sector with the five-year plan that it has asked for, and what you expect of colleges. What is your plan for them to help to deliver those ambitions?

Graeme Dey: I am glad that you raised that comment, because I read it and was slightly bemused by it. I will take a little time to explain why.

If the college sector is looking for clarity on the raft of asks that it has—historical asks and implicit asks—it is a fair point that we could clarify those in conversation with the colleges and consider the prioritisation of some of them. If that is what Shona Struthers means, I have some sympathy with her. However, if her comment is about the future direction of travel, I think that we have been clear with the colleges about what we are looking for. We are looking for better alignment with the needs of the local economies, where that is required—I stress those words—and improved interaction with employers, so that courses are better aligned with employers' needs and therefore offer sustainable employment for students. We are also looking for colleges to be at the heart of skills planning, if they are not there already, and we want to exploit the potential for colleges to come together and become managing agents for a collective in certain disciplines of apprenticeship delivery.

10:15

Those issues have been discussed multiple times in multiple settings with the colleges. If the suggestion is that they are waiting for a steer from Government on how to operate in that regard, that flies in the face of what I see when I am out and about. I am a bit confused by that when I think about what Jackie Galbraith is doing at West Lothian College in a multitude of ways on employer engagement and innovative courses, about what Neil Cowie is doing at North East Scotland College, which is forging ahead and meeting the needs of the local economy and has great bilateral relationships with the two universities, or about what Dundee and Angus College is doing. In its written evidence to the committee, the Fraser of Allander Institute acknowledged that that work was going on but that it could be developed across the sector.

I make the point that I think that we have been clear. If we have not been clear, we will reiterate the position with the colleges. I have meetings with them in the next few weeks, at which I will take the opportunity to clarify matters in whatever way they feel is needed. However, my reading of the situation is that a number of colleges absolutely understand what they are doing and are getting on with it, so the challenge is to bring the sector into that space.

Pam Duncan-Glancy: A number of colleges would recognise that but, generally, part of the problem is that they have faced such significant cuts over the past decade at least that they are now struggling very much to even attract any

training opportunities from employers in their communities, because they do not have the capacity. One of the suggestions to help colleges was to reduce their credits by about 10 per cent without being punished. However, in effect, that is reducing the opportunities for students and the likelihood of delivering skills and capacity in a college to meet local demand, so I do not see how it is possible for colleges to do what you have said in the situation that they face right now, which you will know has been described as a bit of a “burning platform”.

Graeme Dey: However, some colleges are providing those training opportunities direct to employers. Your point about the credits is fair. That flexibility was before my time; my predecessor introduced it. It was just that—a flexibility that allows the college to decide how best to use its funding. On reflection, I do not think that it was as well utilised as it might have been. That is why we are using the tripartite group—it is to engage with the colleges on the basis of asking, “What do you need in order to do the things that you want to do and that we require you to do?”, and that is an open conversation. I do not entirely agree that that reduces opportunities for students, because, in some cases, credits are not being used.

Colleges are deploying those in a way that they think is most beneficial to them. They already do that in the school-college partnership space. I absolutely accept that college funding is not what I would want it to be, but we are working closely with colleges to make best use of the available funding, and I reiterate that a number of colleges are getting on with this. I accept that the situation is not ideal, but we are working closely with colleges to make the best of this.

Pam Duncan-Glancy: Do I have time for one more question?

The Convener: I would like to bring in Stuart McMillan with a supplementary question first and see how that goes.

Pam Duncan-Glancy: Yes—of course.

Stuart McMillan (Greenock and Inverclyde) (SNP): On funding, Pam Duncan-Glancy highlighted the financial situation that colleges have faced for the past 10-plus years. It is fair to say that we have also had 14-plus years of austerity, which has hit the Scottish Government’s budget.

Notwithstanding the dialogue that you have with your colleagues in the Scottish Government about getting additional finance into the sector, have you been given any reassurances by the new Labour Government in Westminster about additional funding coming to Scotland in the upcoming

autumn budget, so that you could put additional resource into the college sector?

The Convener: I do not expect you to answer that question, minister, unless you feel that you have to.

Graeme Dey: I will answer briefly. We have no assurance. We are waiting for the UK Government budget. There are concerning noises around that are making the university and college sectors nervous. We await the outcome of the budget process with some concern.

Bill Kidd (Glasgow Anniesland) (SNP): It is only natural for colleges and universities to want to maintain their independent, unique positions that have developed over the years and their right to make their own decisions with the money that is allocated. However, given the difficulties for financial sustainability that might arise, has an assessment been made of the potential for shared services and synergies between colleges and universities, even up to the point of mergers? A situation involving mergers seems unlikely, but you never know.

Graeme Dey: I am not aware of any discussions of potential mergers between colleges or universities, and merging institutions is not on our agenda. However, I am aware of—and encourage—the development of a more collaborative working approach between universities and colleges, not just in the sense of articulation. The University of the West of Scotland is a good example of that, as it is particularly active in that regard and has a close working relationship with Dumfries and Galloway College. Similarly, Queen Margaret University is doing some stuff in Fife and, as I mentioned earlier, NESCol is closely engaged with the two universities in Aberdeen. That is the kind of space in which we will see growth—in sensible, co-operative working rather than mergers.

If two colleges came to the SFC and said that they thought that it would be in their best interests to merge, and if they had a robust business case, the SFC would look to facilitate that—it did something similar with the University of the Highlands and Islands just last year. However, I am not aware that that is on the agenda.

The subject of shared services is interesting. We all hear talk about shared services being the way forward but, in my experience, those proposals rarely come to fruition, sometimes because of certain impediments. I am not entirely sighted on this, but a university said to me at the weekend that one impediment to having shared services is VAT—I will interrogate that a bit more to see what lies behind it.

It is obvious that having shared services would be a good way to go forward, but it does not

happen often. Any institutions that are thinking about it are responsible for making progress on that but, if there were impediments that we could be part of helping to remove, we would look to accommodate that.

Bill Kidd: If colleges—maybe not universities—came forward to say that they would like to share services but had run into difficulties around VAT, for example, could the Scottish Government help them to get around some of the difficulties?

Graeme Dey: Colleges would not have to come to the Scottish Government or the SFC if they were going to share services; they would just look to progress that. However, if they thought that we could assist them with addressing impediments, I would expect them to raise that through the tripartite group or the many other forums that we have. That has not happened, but we would be open to listening to any issues and to requests for assistance.

Bill Kidd: That is helpful—thank you.

The Convener: I would be interested to learn a bit more about the VAT issue that you were discussing. It would be helpful to understand that a bit more.

Graeme Dey: I will write to you once I have got into the nitty-gritty.

The Convener: We have spoken about the flexibilities that the college sector has, and we spoke earlier about the disposal of assets. During our debate on 8 May, you said that colleges were to be given further flexibilities in that regard. Will you update us on progress on that and say what is happening in that space?

Graeme Dey: You have been keeping tabs on me, convener.

The Convener: I have very good clerking notes.

Graeme Dey: That work is proceeding. Stuart Greig can give you more of an update, but my understanding is that we are in the phase of dotting the i's and crossing the t's. Is that accurate, Stuart?

Stuart Greig (Scottish Government): Yes—that is accurate. There is a commitment to help colleges manage the funds that are released from such sales and reinvest them wherever they can be reinvested. We have always said that the critical point is to ensure that as much as possible of the money that is released locally is invested locally, because there are pressures across the college sector. However, we want to do that without losing sight of the fact that there will often be overarching national priorities, too. It is important to find that balance, and there will be more dialogue on that at a tripartite meeting

tomorrow. We are working on getting the mechanics in place now.

Graeme Dey: Those national priorities include a recognition that some colleges are not in the fortunate position of having assets that they can dispose of, and we have to take account of that. We need to strike a balance that gives them a bit of support, as well as the individual colleges that are disposing of assets.

The Convener: So you are confirming that the money will not be taken out of the college budget and sent off to support mental health services in the NHS, for example.

Graeme Dey: That is not the intention, and I do not think that the colleges would agree to that, if it was.

The Convener: You said that some colleges have no assets. Is that widespread across the colleges?

Graeme Dey: The way in which questions are asked is quite interesting. The question that the SFC and Colleges Scotland put to the colleges was whether they had any assets that were not being utilised that they would like to dispose of. However, as a college chair said to me, importantly, colleges were not asked whether they had any assets that they were utilising that they might like to dispose of. We expect a reasonable uptake of the opportunity to dispose of assets, perhaps on a scale that is beyond what was originally envisaged.

The Convener: I am sure that you will update us on that.

Graeme Dey: Yes—we undertake to do that.

The Convener: That is great. We have also heard about the impact of the removal of the upskilling fund. Professor Gareth Williams told us that the fund's removal meant that addressing weak long-term productivity in the Scottish economy, particularly among smaller businesses, would become harder. Further, the flexible workforce development fund has not been reinstated—I am lobbied regularly by my local college in Edinburgh about the need to reinstate it and about how valuable it was in terms of investment and return. What are your thoughts on the negative impact of the removal of those funds on institutions and their ability to work with businesses that we are being told about?

Graeme Dey: Anecdotally, I hear the same thing from businesses and colleges, and I am not going to deny that. I said earlier that we tried, wherever possible, to target redistribution of money within the budget—or cuts; whatever term you want to use—on demand-led budget lines, but that is not always possible. Unfortunately, those funds were two examples of where it was not

possible to avoid a situation that I would rather have avoided. It would be good to be in a position to reinstate one fund, if not both, but we are—unfortunately—not in that position at the moment.

The Convener: That is a shame. I suppose that you will not be able to do that after the disposal of assets.

Graeme Dey: No. The plan with the disposal of assets is about investment in infrastructure of all sorts in those colleges. It has been taken forward on that basis.

Pam Duncan-Glancy: I have a question on the flexibilities and the demand-led budget lines. I think that approximately £6 million will come out of the student support budget on the basis of it not being used last year on the demand-led line—that is what we saw at the beginning of the process. Is it not a bit circular that reductions to colleges' credits mean that they struggle to meet the demand that they want to meet, which means that students therefore do not access as many courses, which means, in turn, that the demand drops? Does the minister think that there is likely to be genuinely less need for student support funding this year than there was last year?

Graeme Dey: Are you talking about the £6 million that was announced yesterday?

Pam Duncan-Glancy: Yes.

Graeme Dey: That is a projection based on this year. Stuart Greig can explain the basis of that.

Stuart Greig: Yes—it is linked to the application process that the Student Awards Agency Scotland runs. Prospective students come forward to seek support with student fees, and SAAS is currently processing those applications on a daily basis.

10:30

The figure is based on SAAS's analysis of the likely uptake over the next few months, as we come towards the end of the application process. It is about ensuring that the funds that are earmarked for that will meet all the requirements of the applications that come in, but no more than that, so that we can release funds for other priorities. That is what was articulated yesterday.

Graeme Dey: That is for higher education.

I go back to Pam Duncan-Glancy's point about reducing credits. What we did was give the principals flexibility so that if they wanted to use that money for courses, they were able to do so, or they could use it for something else. That is the whole point of flexibility. There will be institutions that did not do something different with that money and maintained their credits; others chose to do otherwise. We entrusted institutions with making a

judgment, based on demand and in the best interests of our colleges.

Willie Rennie: Minister, can you explain how this works? We talked about the flexible workforce development fund. Does the Cabinet Secretary for Finance and Local Government come to you and say, "Right, Graeme—we need some savings," and you offer up suggestions? Alternatively, does she identify, from her department, what could potentially go, and then you have to have a discussion about it? How does it work?

Graeme Dey: When a situation arises in which savings require to be made, my team will look in detail at the options—there will be a range of options—to enable us to arrive at where we need to be. Ultimately, to be blunt, we have to make some painful and difficult decisions—decisions that we would otherwise not wish to make. That is the situation. As you know, Mr Rennie, we have to produce a balanced budget.

Mr McMillan touched on the impact of austerity; there is no doubt that that has an impact. In the end, we have to reach a position where the budget balances. The process is one of identifying the number that has to be arrived at and then deciding how we arrive at that with the least pain, if you like.

Willie Rennie: To be clear, you and your team offered up the flexible workforce development fund for removal.

Graeme Dey: From recollection, that was quite far into the year—I think that you would remember that. We had hoped to be able to protect that fund in some form, because of the value that we placed on it. However, as the financial year unfolded, it became apparent that we were not going to be able to do that, as we had no other option.

The Convener: George Adam, it is over to you.

George Adam (Paisley) (SNP): Good morning, minister. As you will be aware, I have been on and off this committee for the past 10 years, if not longer, and it is clear that, when we come to this time of year, some of the challenges and difficulties that the Government faces on education remain the same. One particular issue that I want to talk about is student numbers, because some of those challenges are the same.

I did not take part when the committee was taking evidence, but from what I am reading, it seems that there is still an on-going debate about Scottish students and international students getting university places, and, in some cases, marketing by universities to try to get more international students as a way forward.

How do we get around that? It is an on-going discussion: every year, constituents come in who want their children to go to various universities,

and who believe—the belief is not necessarily always correct—that there are more international students, so they cannot get their child into a certain course. How are you going to deal with that? If there is a solution, what is it?

Graeme Dey: It is an interesting one, because the facts do not bear out some of the assertions that we hear about universities. Our universities are a massive success story: we have more Scottish young people going to university than ever before. We also have more young people from widening-access programmes attending university than ever before—that is another success story, credit for which belongs to the universities.

Yes, we have more international students—that is because the offer that we have in Scotland, thanks to our universities, is a very attractive one. We are not, by and large, in a situation where our young people are not able to access university because of the presence of international students.

What sometimes happens is that a university allocates a certain number of funded places, and it will make decisions about the size and scale of courses, which can, on occasion, mean that there is no place for an individual who wishes to go to that university. We have seen that in the past year. Over the piece, however, the opportunities for our young people to go to university are considerably better than they have been before.

George Adam: I will continue with that, because you mentioned something else, as well. Another on-going issue during my time on the committee has involved the Government's commitment to widening access, especially for those from areas of deprivation. We seem to have got to the stage at which there is good news to be given on that, because the situation has got a lot better. Can you give me some more detail on that? From my perspective, it is important that young people in my constituency are getting the opportunities to be all that they can be and to do whatever they want in their life.

Graeme Dey: Your local university—the University of the West of Scotland—is a good example of that, but there are others. I pay tribute to the universities for the way in which they have embraced widening access; right across the board, the universities, including universities such as the University of St Andrews, have been absolutely superb on that.

The challenge that we face, to be realistic, is that we are in danger of hitting a ceiling in continuing to use the current single measure. For a variety of reasons, it becomes difficult to go further and to hit the 2026 target. Widening access is a success story, and universities have done really well in that space, but we have to find a way

to allow them to go further. We are running a pilot in Aberdeen and Aberdeenshire, where there is an existing data-sharing arrangement between the two local authorities that allows them to share information on free school meals. Unfortunately, we do not have such agreements in place in other localities. We are looking at the options with regard to whether that can happen in other places.

Another suggestion has been that we could use the school clothing grant by way of an additional measure. The commission on widening access feels that we would benefit more from a basket of measures, and I agree, if we can do that. The difficulty concerns the existing legislation in this area. It may be that, in the longer term, we have to introduce legislation to change the position. In the short term, we can do more.

I convened a meeting a few months ago at which I was blown away by the turn-out of universities and the enthusiasm of principals to embrace the approach further. We are working with them actively to see what more we can do. Widening access is a success story, but we realise that we need to do more in order to tap in fully to the potential.

George Adam: I am pleased to hear that because, in the past, I had always heard that Scottish index of multiple deprivation figures were a blunt instrument to use, and that we needed to find other ways to access particular areas.

The pilot is interesting—perhaps we can get more detail on that, or perhaps the committee already has some information on it; I have just joined recently, so I have not seen it. Apart from that, are there any other ideas that we are looking at and encouraging in order to ensure that people are getting those opportunities?

Graeme Dey: Those that I have mentioned are the two that came to the fore in the discussions that we had with the universities. I have invited them to come up with any other ideas, and I invite the committee to do the same, if members have any thoughts in this area, because collective brain power is needed to find a way to build on the strong foundations that we have.

Widening access is incredibly important. Our latest task has been to look at why Aberdeen and Aberdeenshire have a local data-sharing arrangement, and to ask whether other local authorities could have something similar in place.

That could still be restrictive, because it might be that a local authority would share the data only with a local university: we want to go further than that. I have set out just some examples to give you a taste of what we are doing in this space to try to move the agenda on.

George Adam: Finally, have you thought about the idea of looking at universities and institutions that do things differently, such as the Open University in Scotland? A number of people who come from a mix of backgrounds end up accessing higher education through the Open University.

Graeme Dey: That is an interesting point. We will take it away and think about it, and come back to the committee on that—if that is okay, convener.

The Convener: Of course.

I call Liam Kerr.

Liam Kerr (North East Scotland) (Con): First of all, minister, I will interrogate a couple of the points that have just been put to you.

On the widening access agenda, Scottish Government analysis suggests that the reduction in the higher education resource budget will actually prejudice that agenda. This committee has heard from the commissioner for fair access that there are fears about the 2026 interim target. What is the Scottish Government doing to monitor the effect of that reduction in the post-school budget on widening access for students from certain backgrounds?

Graeme Dey: I am aware of what you are referring to. There was a reference in a document to that possibility, or that risk. We will monitor that risk.

At this stage, I am not seeing any anecdotal evidence of there being a problem, but we will monitor that because the agenda is hugely important for us. I have acknowledged today that there is a threat to the 2026 target. However, the biggest threat would come from being restricted to using one measure. When we embarked on this agenda, we took that approach with good intent, but the experience of our universities shows that we need something else, or that we need multiple things, and that how we facilitate that matters. The pilot in your area is a good example of that.

Liam Kerr: George Adam put to you the point about international students. The committee has heard that there are Scottish Government figures that say that the cash for each student place is about the same as it was 10 years ago, which is a 19 per cent reduction in real terms. We have also heard that there is a funding shortfall of about £1,500 per student. The National Union of Students Scotland told the committee that that has led to an “overreliance”—that is the NUS’s word—on cross-subsidy by international students. What is the Scottish Government’s response to that and will anything change as a result of the budget?

Graeme Dey: The 10-year period that you refer to also includes the period of austerity that we have endured. I make that point in passing.

It is true to say that the funding of domestic students has not risen in the way that universities would have wanted. I accept that. International students do subsidise the system. As you are aware, Mr Kerr, one of the problems that we encounter is that there has been an impact on international students because of some of the measures that were introduced by the previous United Kingdom Government and, which is just as important, because of some of the rhetoric surrounding those measures. There have been problems. We are working actively with the university sector to undo some of that damage. That will be only a mitigation, but we are working with universities through the international education strategy.

Alongside that, and despite the financial challenges that we face, there is a small budget for the promotion of Scotland as a come-to-destination for higher education. That has been done in conjunction with the universities and the messaging is directed by them. We are trying not only to ensure that Scotland continues to be an attractive destination but to broaden the cohort of international students so that there is less exposure to certain markets.

That is the twin approach that we are taking, in conjunction with the universities, while recognising that it is unlikely that there will suddenly be a significant improvement in finances, particularly those coming from Westminster. We must play the hand that we are dealt and work with our partners to address that.

Liam Kerr: This meeting is about pre-budget scrutiny and John Mason began by asking you whether universities are financially sound. You said that you are working with universities to give them a sustainable future. I have a quick question to get the answer on the record. Do you accept that, as it is currently structured, there is a shortfall in higher education financing?

Graeme Dey: I absolutely accept that higher education finances are not as I would want them to be. I could trade reasons with you about why we are in that situation. We are working closely with the universities to determine what opportunities there are to further enhance their access to public funding to mitigate that.

Liam Kerr: I am grateful for that response—and I have no doubt that we could trade such views—but the committee has heard from a number of witnesses that, noting the shortfall from Government, which I examined earlier, and the exposure to international fluctuations, which we have also considered, various possible solutions

and models could be explored to maximise the opportunity within the current Scottish Government budget. Is the Scottish Government open to considering modified funding models with a view to optimisation, or is it closed-minded to such investigation? Will the Government carry on with what you have just acknowledged is a suboptimal model?

10:45

Graeme Dey: Could you perhaps expand on that? It would be helpful to me to understand what sort of models you are talking about.

Liam Kerr: Certainly. The committee has heard from Dr Gavan Conlon about some possibilities. The NUS suggested some others, and the University and College Union Scotland—the UCU—has suggested some. That is all in the *Official Reports* of previous evidence sessions. They all made very helpful suggestions, which I am sure you have considered in the past. I am just wondering whether the Scottish Government is open to such considerations and debates.

Graeme Dey: Forgive me, but I would need to go back and read over that evidence again before I could give you a detailed answer on that. I was half-expecting you to move on to the territory of tuition fees, Mr Kerr, but you are not going there, clearly. That is interesting—and a welcome change of position from the Conservatives.

I will answer the point this way. We have substantial dialogue with the universities on a number of fronts. Our position on tuition fees and the current situation is quite clear. Of course we have dialogue—that is not changing—and of course we have on-going discussions with our university colleagues about how we address funding.

Although I think that their comments were a bit misrepresented, a couple of principals have posed this question: if tuition is to remain free—as it will under this Government—how do we address our concerns about the funding model into the future? That is a perfectly reasonable question to pose, and we are open to having a discussion with principals about it—subject to the caveat around free tuition.

We have to be absolutely clear about this. If tuition fees were to be reintroduced or introduced in Scotland, as some people would wish, the impact on our students would be substantial. You referred to the UCU a moment ago. It carried out a survey in 2019, indicating that two thirds of individuals who were planning to go to university would be put off doing so if a tuition fee model were in place. That would unpick all of the progress that has been made on widening access, and it would go much further. It would have an

impact on other individuals from non-deprived backgrounds, discouraging them from going to university. I do not think that that is in anyone's interests—not the students' interests, not in universities' interests and not in the interests of the economy of Scotland.

I fully stand by the model that we have, although I recognise that we must find methods to improve the financing of our universities. I disagree slightly with Mr Kerr, as I think that the growth into international markets—if it is managed carefully and if the risk, if we want to call it that, is spread more evenly—is a road that we need to go down.

Liam Kerr: I am very grateful for that response.

The Convener: I draw your attention, minister, to the *Official Report* from 5 June, which might be the evidence session of interest to you. At that meeting, Dr Conlon of London Economics said that, compared with England and Wales, there is a funding shortfall of about £1,500 per student in Scotland, and that the current system of fees benefits those with middle-to-higher incomes.

Could I bring in—

Graeme Dey: If I may, convener, it is worth recognising, however, that there have been tuition fees in England for some time, and there are financial challenges there, too.

The Convener: I understand that. You always say that people should come with solutions and options, and all I am suggesting is that you look at our *Official Report* from that day.

Graeme Dey: We will indeed.

The Convener: We had a very interesting, broad-ranging discussion. A lot of evidence and data had been collected.

I have a list of members wishing to contribute. John Mason is next, followed by Willie Rennie.

John Mason: I will follow up the point about funding. I accept that what we are paying for Scottish students has not increased. However, some of the universities are sitting on quite large reserves. If we are all having to tighten our belts, can we not expect the universities to contribute a bit more to students' tuition? The last time I looked, the University of Glasgow had £1,000 million of reserves, and I think that the University of Edinburgh's reserves might be even higher. I accept that some of the newer universities do not have that kind of money, but surely they have to contribute, too.

Graeme Dey: We need to be a bit careful about the issue of reserves, because some of those moneys are not cash reserves. We must recognise that some will be earmarked for substantial investment in the universities, which

will be incredibly important to Scotland and to the economy.

Also, in order to act in the best interests of their institution, universities have to have roughly 90 days' worth of cash reserves available. It is easy to look at those numbers, total them up and make the point that you have just made—I recognise that point.

We should also acknowledge that our universities are doing a lot outwith the obvious. For example, many are going into schools to assist in encouraging young women to get into science, technology, engineering and maths subjects. That is just one example; there are a lot of outreach projects and the universities are doing a lot of things with their own resources to benefit us. Therefore, I am a bit hesitant to say, "Yeah, it is a rainy day—let's spend these resources." We would encourage universities to play their part in what needs to happen, but the situation is not as black and white as it might look.

The Convener: I will now move to questions from my deputy convener, Evelyn Tweed.

Evelyn Tweed (Stirling) (SNP): Thanks, convener. Minister, it is good news that the industrial dispute in Scotland's colleges has ended, but there is clearly work to do. What work is on-going, and what is the Scottish Government's role in that?

Graeme Dey: You are right that there is clearly work to do. I think that we touched on that last time I was at the committee. For the past 10 years, in good financial times and bad, industrial relations in the college sector have been very poor and deteriorating, culminating in the latest dispute, which, fortunately, has now been resolved. I pay tribute to the Educational Institute of Scotland Further Education Lecturers Association in particular for its part in bringing the dispute to an end. The resolution of that dispute buys us a bit of time to take forward the work that was already under way. That work takes the form of a group that I have convened of representatives of the trade unions and the college side to have a frank and honest discussion about what has gone wrong and what needs to happen to improve industrial relations in all sorts of ways.

I think that I said in the chamber a little time back that I was, at that point, more optimistic about that process than I was about the resolution of the dispute. The dispute has now been resolved, and I am optimistic that we can make some progress in this regard simply because, in the privacy of those meetings, it was clear that everyone had had enough of the nature of the conduct in negotiations and so much that happens around that, which has come to characterise the sector. That is both because it is wearisome for

the individuals and because of the negative impact that it is having on the sector—there is no doubt that it is having a negative impact.

We will look to reconvene that group shortly. I do not want to go into too much detail about what has been discussed, because that would breach confidentiality and we are at a delicate stage in the process. However, I think that there is a genuine appetite to find a way to do this differently, which everyone around the table would agree is long overdue. We will look to reconvene the group and crack on with this work quickly.

Evelyn Tweed: I also note that there is a potential reduction in full-time-equivalent staff. Has the Scottish Government considered the impact of that?

Graeme Dey: There has been a projection of the impact of the financial situation in both sectors. I have seen the figure of 20,000. Obviously, the SFC will be monitoring that closely. We do not want staff numbers to fall by that amount at all. The difficulty that we have is that, in the college sector, staff costs make up 70 per cent of colleges' expenditure, which is extremely high.

Some of that has been addressed by voluntary redundancy schemes, although the problem with such schemes is that people leave from areas of the college that are quite important to the future of the institution. However, we want to avoid compulsory redundancies at all costs.

There is no doubt that there is an impact—that is unavoidable—but we are monitoring that through the SFC. I hope that, notwithstanding that point that Pam Duncan-Glancy made earlier, with the opportunities that arise around growth for the college sector, those levels of redundancies can be avoided. There is significant opportunity for the colleges to grow in relation to upskilling and reskilling. The demand and appetite from employers is there, and employers that I speak to understand the need for their sector to put funding in place to support that. There is an opportunity for growth that can help to address some of the financial challenges that the colleges have.

Pam Duncan-Glancy: On the point about industrial relations, it is probably fair to say that the minister is aware of what I think about how things have been going over recent months and years, and I have called several times for the Government, and the minister, to intervene to help things out. I will come to the resolution that you reached last week, which I am pleased was able to be reached. However, before I do that, I will build on Evelyn Tweed's questions.

The Strathesk report has not yet had a full response from the Government, but there are a couple of outstanding questions from both sides, if we can call them that. One issue is that there does

not seem to be much information flow between the meetings of employers and trade unions. Another issue is that the approach to facility time or the ability to engage in such meetings seems at times to be a bit imbalanced, with trade unions feeling that they do not get enough facility time to participate entirely. There is also an issue around the question of an independent chair.

What is the minister's response to all that, and how will he address the issue of trust in the machinery?

Graeme Dey: The issue of trust in the machinery is at the heart of this. There is a lack of trust in the machinery and how it operates, and both sides will criticise each other about how each operates within it, but we have to get beyond that. For example, there is a recognition now that how the college employers' side operates in the context of negotiations hinders the development of trust. In effect, those negotiators do not have a mandate to negotiate; they have to go back to the executive of College Employers Scotland and, ultimately, the principals' group. There are also issues on the other side, which I think are recognised.

On the point of an independent chair, as I said earlier, that is still at a delicate stage. Some people accept the concept of an independent chair, but some people do not want an independent chair, although they would accept an independent facilitator. Some people might think that that is semantics, but the fact of the matter is that that distinction matters in this context. For example, if there were to be a facilitator or chair, what would their role be? What would their powers be? Once that has been agreed on, you can look for an individual who would be prepared to take on that role and would be acceptable to both sides. The Government cannot impose anything; this has to be done by agreement. I am optimistic that we can reach agreement on that, and I think that it would be helpful to have someone in that role, at least in the short to medium term.

Pam Duncan-Glancy: Are you prepared to consider the issue of facility time, too?

Graeme Dey: To be blunt, that is not for me to do. That is one of the issues that needs to be resolved in that setting. If we can get into a space where there is a better atmosphere and a better culture, all those things can be aired by the participants. It is not for the Government to take on that role. The point that you raise has been raised with me before, and it needs to be looked at, just as the employer side's approach to negotiation and the mechanics of the process need to be looked at. The agenda that is taken forward, if there is an independent facilitator, can be agreed by both sides and explored in that context. What I have seen so far is that, without going into the

specifics, both sides are prepared to look at such matters.

11:00

Pam Duncan-Glancy: Up until last week, you held the line that you and the Government should not be intervening. Then there was a meeting, and you intervened, and you found £4.5 million to help to facilitate the deal. I know that colleges, staff, students and I—and others around the table, I am sure—were pleased to see that happen. What changed?

Graeme Dey: What changed was that the significant impasse that existed between the two sides was broken. We did not intervene. To be absolutely clear, what happened was that the two sides found a way forward. They were able to reach an agreement. The stumbling block to the agreement was that the difference between what the colleges could afford in year 4—next year—and what the union would settle for was 1 per cent, which is roughly £4 million to £4.5 million. On that basis, we took the view that, for all the reasons that we would all highlight about the impact of the dispute, the Government would undertake to provide that level of support next financial year in order for the agreement to be secured. However, the detail of the agreement was reached by the two sides. We were asked to provide assistance, as it were, to get the agreement over the line, which we were able to do.

To be clear, I should say that the difference that was required to be found was a fraction of what would have been in play earlier in the dispute. There is a lesson for everyone in the nature of the dispute and the way that it developed, which enabled it to reach the point that it did. Had the sides been able to come to such an agreement much earlier on, the Government would have looked to assist them, but they were poles apart, and they remained poles apart until about a week before the agreement was reached.

Pam Duncan-Glancy: My understanding is slightly different. I understand that they were poles apart to an extent, but that that was largely down to the fact that there would be a hole in the funding that employers would need to find in order to come to an agreement.

Graeme Dey: I need to be clear: that is not the case. There were other conditions at play in the dispute—quite substantial things that were being sought and other things that people were not willing to concede, and the changes in relation to those are what enabled the welcome progress to be made.

Pam Duncan-Glancy: Are you in a position to explain where the £4.5 million will come from?

Graeme Dey: Ms Duncan-Glancy will recognise that we are still working our way through this year's budget, although I appreciate that the committee's interest is in next year. We are looking actively at where the commitment will be funded from. However, I assure the committee that we have given a clear assurance to both parties that the £4.5 million will be clearly additional to the settlement that colleges would be receiving.

Willie Rennie: You do not know where the money is coming from? You criticise this committee and Opposition members all the time for offering up extra expenditure without knowing where the money is coming from, and you have done exactly the same. How can you come before the committee and tell us that you do not know where the money is coming from?

Graeme Dey: What I have said to you is that we are currently working on that. We do not know what our budget will be for that year.

Willie Rennie: Wow!

Graeme Dey: I return the question to you. Are you telling me that you would rather that we had not facilitated the closure of the deal?

Willie Rennie: You are in government. You are responsible for finding that money and agreeing to things. You have to be able to deliver what you have agreed with the unions and the employers, and you are saying that you do not know where the money is coming from.

Graeme Dey: We will deliver on that—we will fulfil that agreement.

Willie Rennie: Wow! That's something.

Pam Duncan-Glancy: Minister, part of the issue is that we are in a situation where there are in-year budget moves, and that is because of that kind of decision making.

Graeme Dey: Again, you are contradicting yourself. Earlier, you said that you welcomed the move, and now you are picking holes in the approach to it. We got a resolution through the provision of what is, in the grand scheme of things, a relatively small sum of money.

I happen to believe that it is more than worth our while investing to settle the dispute and end the impact on students, and also in creating the space for the long-term good of the sector to get us into a better place. That is a price well worth paying.

The Convener: We have a £4.5 million pressure this year. How will that be accommodated in the funding?

Graeme Dey: That is a pressure for next year, convener.

The Convener: I am sorry. How will that be managed in recurring years?

Graeme Dey: It will be recurring. In our commitment to the employers, we recognise that it is not just one-off funding. It will be consolidated and included in the years to come as part of our settlement.

The Convener: It will be interesting to see how that develops. I have a wee line of people. Ross Greer is next.

Ross Greer (West Scotland) (Green): Thank you, convener. I have a point about recurring costs in a slightly different area. The Scottish Government has been trying to support the universities that have had to pay increased employer contributions for the teacher superannuation scheme. What evaluation has the Government made of how sustainable that will be in the long term, as opposed to one-off funding to deal with the initial impact of what I believe was a relatively unexpected increase in employer contributions?

Graeme Dey: That is the new pension increase.

Ross Greer: Yes.

Graeme Dey: The UCU and Universities Scotland have jointly asked whether it would be possible to provide some assistance to address that. That goes go back to a point that I made earlier about something that predates the change of Government. The UK Government made a commitment around consequential for pensions for college and teacher pension schemes. We have been asked whether it might be possible to utilise some of that funding to assist the universities to address the challenge that they face. The answer is that we still do not have clarity on the numbers associated with that, but we are alive to the ask and sympathetic to it. We will look to do what we can in that space to assist them.

Ross Greer: Thank you. If you have the opportunity to give a written update to the committee, I would look forward to that development.

Graeme Dey: We will add that to the list of things to update the committee on.

Ross Greer: That would be useful. Thanks.

On a different point, you will be aware that during her recent appearance at the committee on behalf of the SFC, Karen Watt mentioned that she had sent some proposals to yourself or to the Government on reforms of Scottish Funding Council's powers and the options available to it. That was in response to a question that I asked about action that the SFC could take when colleges were not meeting the specific points in the agreements that they had reached.

My specific concern was about fair work and the situation where a college was not meeting the fair work obligations in its outcome agreement, for example. Until now, the SFC has not ever taken action against a college that has failed to meet its fair work obligations. In part of her response, Ms Watt indicated that there is a lack of appropriate powers for the SFC and that the options available to it are somewhat blunt. Can you tell us a little bit more about the proposals that it has sent to you, how they fit in with the wider reform programme that you are looking at, and how that will be taken forward?

Graeme Dey: Again, I will have to provide a follow-up update on that, if I may, convener. More than a year ago, the SFC suggested some additional powers that it felt it would benefit from having. I subsequently asked it to consider whether those would be entirely appropriate in the light of our approach to giving colleges and principals greater flexibility. You are absolutely right that some of the SFC's powers are pretty blunt and out of date. If we are going to move into a space where we are empowering colleges and principals to deliver for their local economies and giving them a bit of freedom to do that, we need to be sure that the right governance is in place, whether it be on college boards or through the SFC.

One of the complications that we have had is the governance arrangements that have been in place for a number of years. The SFC has an additional tier of governance in between it and the colleges' regional boards. As you are aware, we have a consultation running to address some of that.

There is no doubt that the SFC requires additional powers of intervention. You have cited fair work, but there are other areas to consider. I find it incongruous that the SFC requires to be consulted on voluntary redundancy schemes but not on compulsory redundancy schemes. That needs to be addressed. The power to compel institutions, principally colleges, to provide financial information that they do not have is also quite important.

I am not entirely sure whether I have seen a revised set of proposals, but I will check that and write to the committee. That will be part of the work that we are taking forward. As I said earlier, there must be checks and balances as we empower the colleges.

I would also like to see the SFC take a slightly different approach to some issues and, instead of taking a sector-wide response, to target its responses at a collection of colleges or at an individual college. I think that the SFC needs to get better and more surgical in its approach.

There has been, and continues to be, a dialogue with the SFC about the appropriate balance of powers and there is no doubt that its powers need to be revised.

Ross Greer: That is useful. I have a couple of points for clarification. A lot of what you have just mentioned would require legislative change. Do you envisage that happening in this session of Parliament and as part of the programme of reform that you are taking forward before the next election?

Graeme Dey: To be honest, if primary legislation is required, that is unlikely to happen in that timeframe. If we are in the process of providing colleges with more powers and freedom, we want the work on oversight powers to go in parallel with that. We need to see how we can align that with the legislative process.

Ross Greer: On the specific issue of fair work, do you agree with the broad thrust of my point, which is that the SFC needs more power to intervene when there are fair work issues?

I absolutely agree that colleges and their principals need more flexibility but, in the past 10 years, we have seen a range of acute problems at specific institutions and have seen examples of very poor work practices. As you mentioned, the SFC has limited ability to intervene. A sector-wide approach would not be appropriate because the problems have often been institution specific and the whole sector should not be "punished" for that. Do you agree that, if the SFC is being empowered to take further action, it should have the power to take further action with individual institutions that fail to meet their fair work obligations?

Graeme Dey: I would characterise that slightly differently. I think that the SFC should have the power to investigate issues that are reported to it. It will not always be the case that what is alleged will have occurred in its entirety. We need to be careful about that in some instances.

You make a fair point. The SFC, as the oversight body, ought to have powers and should be part of a structure so that, when there is an alleged issue in a college, that can be escalated and investigated and, if action is required, that action can be taken.

Ross Greer: I absolutely agree that investigation is required first, but the issue is that the SFC has the power neither to investigate nor to take action.

Graeme Dey: Having the power to investigate seems to be a reasonable ask.

Ross Greer: I have one final question, if that is okay with the convener.

Minister, you and I have recently been playing ping-pong with written questions about the issue of pay for college principals and whether that should align with the framework for the pay of chief executives, because those principals are the only equivalents in the public sector who do not align with that framework.

One of your answers to me said that although it is not for the Scottish Government to determine principals' pay,

"The Scottish Government does however, expect that pay arrangements for senior staff ensure value for money, affordability and sustainability in the longer term."

I responded by asking whether the Scottish Government believes that all senior staff pay within the college sector meets those objectives at the moment, and your answer to that was to refer me to your previous answer, which, with respect, is not an answer.

Will you take the opportunity now to clarify that, bearing in mind that some college principals in Scotland have remuneration packages that are far in excess of that of the First Minister? Do all college principals' salary and remuneration packages at the moment meet your standards for value for money, affordability and sustainability in the long term?

Graeme Dey: We cannot apply that retrospectively. College principals, like all other employees, have rights, which are protected.

I think we can outline a future expectation. I understand people's unease about the characterisation that you have just made about the levels of some salaries and packages in the sector.

Ross Greer: Only a handful.

11:15

Graeme Dey: I understand the unease—particularly when individuals in that position receive reportedly substantial increases in those packages at a time when the public finances and the finances of institutions are constrained.

Although, as I have articulated and you have repeated, we do not have a direct locus, I expect and look for a degree of self-awareness and collective awareness between the principals and boards, and the exercise of restraint in the uplifts that are to occur. That is a reasonable expectation.

Liam Kerr: For absolute transparency, I remind the committee that I am currently a student at the Open University. To jump back very briefly, minister, what progress is the Scottish Government making in establishing parity of esteem in financial support for part-time students?

Graeme Dey: That matter is being looked at, as are a number of issues. I am very much alive to that ask. Every time I meet Susan Stewart, she reminds me of it.

As you would expect, I say that the pie is only the pie, and we have considerable asks from various quarters. Before the convener reminds me, I recall the committee's ask, when I was a member of it, to address the disparity between the moneys that are paid to colleges for the first two years of courses and those that are paid to universities. There is a whole range of asks. The part-time student request is particularly valid. I cannot say that we have progressed on it, but we are well down the road with it—it is in train. I cannot say that I expect it to be resolved quickly, but we are looking at it, as we are looking at a number of things.

The Convener: We often hear that, if that were possible, it would do a great deal to widen access.

Willie Rennie: When will the Erasmus+ replacement for Scotland, which was in your 2021 manifesto, be rolled out?

Graeme Dey: The situation with the Erasmus replacement programme is that we ran 20 pilot projects, as you are aware, and that those are currently being formally assessed. Anecdotally, they were a big success. We are working with the universities on a second tranche for the coming year.

What you alluded to is a full-scale roll-out of a programme. We are not at that stage yet, for two reasons: first, because of the financial position, and secondly, because the universities, with which we have worked closely, have asked that we redirect some of our funding in that area to the international promotion to which I alluded earlier. We are trying to take a twin-track approach, which is to use a bit of marketing—if that is the right word—to attract international students while we develop the rest of the programme. This coming year, I hope that we can broaden out the initiative to the colleges, which did not take part in the first year—there were no college applications—and to the wider youth sector.

As you know, our programme is set up to complement the Turing scheme, so that there is no duplication. There has been some inbound activity. I met a group of students from multiple European countries on one of those pilot programmes, and some staff.

I am sure that you will be disappointed by that answer. I know that you were hoping for us to be in an all-singing, all-dancing programme, but that is where we are. It is progressing in conjunction with the sector.

Willie Rennie: It is not just me. It was a manifesto commitment that you made in 2021.

Graeme Dey: I accept that.

Willie Rennie: Will it be done by the 2026 election?

Graeme Dey: I will say what I envisage, as we work through this year to ramp it up. It depends on what you mean. Is it the all-singing, all-dancing—

Willie Rennie: It is your manifesto commitment.

Graeme Dey: A lot has happened, financially, since 2021.

Willie Rennie: We used to use that argument, but you carry on.

Graeme Dey: I accept that. I noticed that you were quiet on the issue of tuition fees, so you probably understand. However, in all seriousness, you are right to push me on this issue, because it is incredibly important.

The success of the pilot projects really encouraged me. I was blown away by what I saw. We are trying to learn from those. We are trying to encourage the colleges to get involved, which they did not do last time—to be fair, I think that that was just about the short notice that they got—and develop and build on those projects. Budget permitting, I would like to ramp this up pretty quickly. However, I stress that that is budget permitting.

Pam Duncan-Glancy: I have a question about the letter that the Cabinet Secretary for Finance and Local Government wrote yesterday to the Finance and Public Administration Committee, about some of the cuts that may have to come. On mental health services, an £18.8 million reduction is earmarked. The letter says that that

“Saving includes mainstreaming elements of the Distress Brief Interventions programme”

and

“student mental health measures”.

Will you elaborate a bit more on what that means and how much of a cut it might mean for institutions and for students’ mental health?

Graeme Dey: To be absolutely open with you, I was a little thrown by that information. The mental health funding for the colleges exists because the Government made a commitment for three years, which it honoured. It extended it for a year—only for a year—for a transition period, then the funding came to an end. I am therefore a little unclear about what is meant. I do not want to duck the question, because you are right to ask it. We will write back to the committee quickly—perhaps separately—on that, once I have a bit of clarity on it. We continue to fund the NUS’s Think Positive

programme, but I am not clear about what is alluded to in the letter, and I want to have a look at it.

Pam Duncan-Glancy: So did you not put that up for coming out of the budget?

Graeme Dey: My understanding is that the think positive scheme continues, but I will confirm that in writing.

Pam Duncan-Glancy: Thank you.

The Convener: My final question is a bit out there.

Graeme Dey: Thanks for the warning.

The Convener: People forget that you are also responsible for setting the budgets for our youth programmes. Earlier this week, I had a meeting with YouthLink Scotland, which was concerned that its grant for 2024-25 has not been agreed. What are your thoughts in the light of the current spending cuts? As minister, are you looking to protect the provision of universal youth work services across Scotland? We know how key that is to community cohesion, which we heard so much about yesterday in the chamber.

Graeme Dey: I will write back to you in detail on that, convener. I am aware that, as yet, that funding settlement has not cleared. It is still under consideration, and I will come back to you on that point.

However, I am right in saying that we have already enhanced funding for the youth sector in another area. It is not that we are neglecting the youth sector. Again, I can write to you with the detail on that.

The Convener: Perhaps I should declare that I am a former girl guide and my father was a Boys Brigade captain, as the First Minister was. I have a bit of a penchant for the uniformed organisations across Scotland. I am sure that many MSPs are ex-guides, ex-brownies or ex-scouts. A few hands are going up.

Graeme Dey: On that note—[*Laughter.*]

The Convener: Yes. We will look forward to receiving some information on that.

Thank you very much for coming this morning, minister. It was great. You will get a letter from us in due course. I thank you for your commitments to provide us with more evidence.

That concludes the public part of our meeting.

11:23

Meeting continued in private until 11:53.

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Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

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