



OFFICIAL REPORT
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Education, Children and Young People Committee

Wednesday 21 September 2022

Session 6



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EDUCATION, CHILDREN AND YOUNG PEOPLE COMMITTEE
22nd Meeting 2022, Session 6

CONVENER

*Sue Webber (Lothian) (Con)

DEPUTY CONVENER

*Kaukab Stewart (Glasgow Kelvin) (SNP)

COMMITTEE MEMBERS

*Stephanie Callaghan (Uddingston and Bellshill) (SNP)

*Graeme Dey (Angus South) (SNP)

*Bob Doris (Glasgow Maryhill and Springburn) (SNP)

*Ross Greer (West Scotland) (Green)

*Ruth Maguire (Cunninghame South) (SNP)

*Michael Marra (North East Scotland) (Lab)

*Oliver Mundell (Dumfriesshire) (Con)

*Willie Rennie (North East Fife) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Ann Baxter (New College Lanarkshire)

Joanna Campbell (Dumfries and Galloway College)

Neil Cowie (North East Scotland College)

Angela Cox (Ayrshire College)

Hugh Hall (Fife College)

Sue Macfarlane (Outer Hebrides College, UHI)

Derek Smeall (Glasgow Kelvin College)

CLERK TO THE COMMITTEE

Pauline McIntyre

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Education, Children and Young People Committee

Wednesday 21 September 2022

[The Convener opened the meeting at 09:15]

Colleges Regionalisation Inquiry

The Convener (Sue Webber): Good morning and welcome to the 22nd meeting in 2022 of the Education, Children and Young People Committee. Our first item of business is an evidence session with college principals and deputy principals for our colleges regionalisation inquiry. On our first panel are representatives from colleges in multicollege regions. I welcome Ann Baxter, deputy principal for students and curriculum at New College Lanarkshire; Sue Macfarlane, interim principal and chief executive officer of UHI Outer Hebrides; and Derek Smeall, principal and chief executive of Glasgow Kelvin College. Thank you all for your time this morning.

We have a hybrid meeting today and, on this panel, Sue Macfarlane is participating virtually. Sue, you might be able to catch my eye, as I am looking directly at you on the screen, but it might be best if you could put an R in the chat box when you wish to speak. The clerks will be monitoring that and we will bring you in when we can.

The committee has a lot of questions this morning, so we will get started.

Graeme Dey (Angus South) (SNP): Good morning, panel. What are your views on the extent to which regionalisation has achieved its aims? Can you talk about the positives—and, I guess, any negatives—that have come out of it?

Derek Smeall (Glasgow Kelvin College): As I come from a multicollege region, I suggest that perhaps we could start by trying to avoid conflating the concept of a merger and the concept of regionalisation. They are absolutely inextricably linked—there is no doubt about that whatsoever—but, in this particular instance, from my perspective, they involve two parallel actions.

For example, I can say quite clearly, representing my fellow principals within the Glasgow region, that when we merged from nine colleges down to three, the merger was a positive process. There is no doubt that it was a challenging process, but many benefits came out of it.

We need to separate that from the construct of regionalisation—there is a slightly different

perspective that we need to take. Our view—and my view in particular—is that regionalisation was perhaps a missed opportunity. I might expand on that in a minute or two.

As far as the merger is concerned, the positives are that we certainly established institutions of size, volume and influence. There is no doubt that the merger resulted in improved working with our universities, both locally and nationally—and, in some cases, internationally. It certainly got us a seat at the table in many ways and we were able to get—over a period of years, I might add—some efficiencies of scale.

As we have gone through the years, it is very difficult to discern and identify specifics given that the landscape is not static but is moving. However, I am clear that, had we not merged, we would not be in the position that we are in at the moment. I will perhaps touch on the future and how we are moving forward as well.

From a regionalisation perspective, what I mean by a missed opportunity is that the establishment of most—if not all—regions followed the boundaries of local authorities. I think that some of the previous submissions to the committee have mentioned that that might not have been appropriate in all cases, although when we have single college entities within a region, it may make sense.

However, in Glasgow, for example, regionalisation has been a missed opportunity, because it should go wider than local authority boundaries. For example, as the colleague to my left from North Lanarkshire, Ann Baxter, knows, the pattern of travel to work and study goes much wider than the local authority area. There are cultural links, too, but probably more important is the economic movement back and forward—for example, between North Lanarkshire, South Lanarkshire, Renfrewshire and East Dunbartonshire. There has been a bit of a missed opportunity in not concentrating or focusing on that economic and social entity, but there are still opportunities for the future.

There are a number of areas in which we have things right. However, there has been a bit of a missed opportunity whereby the focus has been purely on the construct of governance. One of the difficulties and challenges of moving forward, about which I would like the opportunity to speak in more depth, is what I would describe as the chronic underfunding of colleges, particularly in relation to the projection over the next five years.

When it comes to the governance of the region, I would like to move to an approach that is focused much more on the economy, the communities and the benefits of scale of an economic region, rather than on the local government boundary.

Graeme Dey: Other colleagues, no doubt, will cover the funding issues. Does anybody else want to contribute on this topic?

Ann Baxter (New College Lanarkshire): Regionalisation has brought us many opportunities. We are able to work collaboratively with our local authority, the national health service and the other college in the region.

It is difficult just to say what the impacts have been of regionalisation, because many things happened at the same time, such as the change in the profile of the students, which was part of the policy changes. There were other reforms, such as the implementation of the student association. At the point of merger/regionalisation, one of the legacy colleges in Lanarkshire did not have a student association. That was a disadvantage. I welcome the role of our student association in college life and the input that it makes to the board.

Sue Macfarlane (Outer Hebrides College, UHI): I was not in the college sector when regionalisation took place; I came into it following that. However, I have a view on how it impacted on UHI, having worked there pre-regionalisation. It has brought many benefits.

UHI is in a slightly different position, because of its tertiary nature, but I have seen an impact in the coherence of further education provision across the region. Regionalisation has brought a much more coherent approach to how the colleges within UHI work together. They are more collegiate and more collaborative, planning further education on a regional basis while retaining a focus on the local. As multicolleges, we were able to benefit from opportunities and are able to plan for economic benefit across the region.

Ann Baxter mentioned a student association. There is a more joined-up and consistent approach to student support through the Highlands & Islands Students Association.

There were benefits from a number of things. However, as Derek Smeall referred to, there were problems of alignment with local authorities. The region is not particularly cohesive in how colleges are aligned at the local level or with subregions, if you like.

Later on, I would like to pick up on the financial problems and other matters. I just wanted to make the point that UHI is slightly different but still has had some benefit from regionalisation.

The Convener: Thank you; that is helpful. Mr Dey has some further questions.

Graeme Dey: Derek Smeall talked about the greater influence that merged colleges have had. With that, has there come parity of esteem with

universities? Is it a partnership of equals? Have you found that that aspect has improved?

Derek Smeall: It has certainly improved, but there is still a journey in that regard. One example is the University of Glasgow, to which there is direct progression from Glasgow Kelvin College—following one year at the college, a student gets advanced standing at the University of Glasgow in either engineering or science. If you had asked me 15 years ago about our relationship with the universities, I would have said that such an arrangement was almost impossible—it would not have been in mind at that point. That is an example of that credibility, which involves getting to the table, having influence and working alongside universities. Obviously, Scottish Government policy has a lot to do with that, and there is doubt that that is the case in that example.

Ann Baxter mentioned that working with the national health service and NHS Education for Scotland in North Lanarkshire has brought about a more coherent grouping of colleges, which is also the case in the Glasgow region. We have two quite large community-based colleges and a city centre college in the Glasgow region. They all serve slightly different purposes and have slightly different strategies, but they are in the right place at the right time. That is quite unique. By volume, those colleges provide just short of 25 per cent of all college education in the whole of Scotland, which you would expect due to the size of the conurbation.

There is no doubt that the three colleges work closely. It is important to note that the Glasgow colleges group, which is led by the principals of those three colleges, has gained a lot of practical, operational and strategic advantages over the years, not only from the merging of the colleges—as I mentioned, we came from nine down to three—but from the three colleges working collegiately.

Graeme Dey: I have one final question. Have merger and regionalisation led to a reduction in the duplication of courses, such that the offering is more tailored? In the context of the relationship with employers—particularly small and medium-sized enterprises—is the college offering now better tailored to their needs than it was previously?

Derek Smeall: I believe that the general answer to that is yes. In the Glasgow region, we have a curriculum plan for the whole of Glasgow—the individual colleges at that level work on a week-by-week and a month-by-month basis, so there is definitely a reduction in duplication.

I hasten to add that I mean unnecessary duplication, because a certain amount of duplication is necessary, particularly if you are

delivering at the heart of communities. Glasgow is an enormous conurbation, with very different areas and communities. Therefore, it is very important that I say that I am talking about the reduction in unnecessary and inappropriate duplication. That has also provided very clear pathways for students, from the lowest entry level right through to progressing to university.

Finally, on SMEs, it is very difficult to get a defined voice from SMEs, but we work closely with the Federation of Small Businesses, as do many of the regions and colleges. The flexible workforce development fund was adapted only last year to allow access by SMEs. That has been extremely successful from the point of view of Glasgow Kelvin College, to the point that it is oversubscribed by SMEs as opposed to levy-paying companies.

I believe that, by working in conjunction with the other two large colleges, we have provided a very rapid service, and I hope that that will continue. Therefore, the answer is yes, I think that the offering better supports SMEs.

The Convener: I can see that Sue Macfarlane does not want to come in, so I will follow up on SMEs.

We heard from Derek Smeall about engagement with SMEs. Given the very diverse nature of our economy, I am interested in what the other colleges are doing on engagement with SMEs.

In rural areas, there are more small businesses than large businesses, so I am interested to understand what colleges are doing to respond to the local skills needs in their areas. I am also interested in the activities that colleges are carrying out with regard to the microcredentials that we have been hearing about from businesses.

I will come to Ann Baxter first.

09:30

Ann Baxter: I will share something with you in relation to your question that also links to the university sector. At New College Lanarkshire, we have been supporting businesses and innovation as part of our partnership model through smart hub Lanarkshire. That is a partnership with our local authority—North Lanarkshire Council—and the University of Strathclyde.

The hub is a home for robotics and automation training. It is a place for SMEs to come to explore, test and undertake discussions with staff, where they meet, learn from and support one another. There are live demonstrations of cobots—small robots. From April to June this year, nearly 400 people have come in to undertake that training. That is one of our approaches. As part of the

Colleges Scotland event that will take place in the Parliament on 5 October, that will be available for members to see.

In addition, we have monthly meetings to which we invite small businesses to discuss their needs and plans for the future.

Sue Macfarlane: [*Inaudible.*]
—at higher and further education level. For example, at the college, we have an innovation hub. Small and medium-sized enterprises—in fact, any employers—are able to come to test different processes that they wish to put in place and test prototypes. We encourage start-up companies to come along to access the expertise of our staff and the equipment.

We are working with our local hospitality SMEs, which are so important in the outer Hebrides, and adapting our provision for shoulder month training, working with them on tailored courses and using things such as the flexible workforce development fund to support our small businesses.

We work across the university partnership around research and knowledge exchange and on the use of innovation vouchers to ensure that we support our businesses through our research activity and by passing on our knowledge to help improve their business practices. Therefore, we are doing a range of things in collaboration with partners but also at the local level for businesses.

The Convener: We will move to questions from Stephanie Callaghan.

Stephanie Callaghan (Uddingston and Bellshill) (SNP): What progress has been made on the student experience since regionalisation? How has regionalisation improved the student experience, and what have the challenges been?

Ann Baxter: As I mentioned, prior to regionalisation, one of our legacy colleges did not have a student association. It is really important that the voice of students is heard and that students' needs are known by the senior leadership team and the board. That has now been addressed, partly with funding that was initially established to take that forward. I think that college life has improved for students. We now have a team of learning and engagement officers who try to ensure what we have a varied programme that will keep students engaged. They have done things such as gamification to support the learning process, and they organise activities and freshers week. Overall, I think that student experience has improved since regionalisation.

Stephanie Callaghan: I have a wee follow-up to that question. We have heard in previous evidence that independence can be an issue: some students felt that they were at the centre of things and that their voices were being heard, but

others felt the opposite and that they could not say what they wanted to say or put forward their views.

Ann Baxter: I suspect that that might have been the view for a period of time. During Covid, when students had less contact with others and there was not as much input on campus, many students and staff found that experience challenging. I hope that, as we begin to restore back to where we were, things will improve. I admit that there might be challenges with that, and we need to be alert to those. Certainly, our student association is able to let us know when things are not as good as they could be.

Stephanie Callaghan: Does anyone else want to contribute?

Derek Smeall: It is an interesting issue, and I would reflect everything that Ann Baxter said.

There has been recognition, which is important for the student association: it has been brought front and centre in the formal structures, but I will also mention the informal structures and the huge amount of work that colleagues are doing on that throughout colleges in Scotland.

The student association is directly represented on the boards of management at both college and regional level, and the individuals involved are very proactive in that. Building confidence in individuals is a key element, because the amount of information and the technicalities can be overwhelming to anyone who is in that position. We go out of our way to have infrastructure in colleges to support those individuals. Although they are employees of the college, they are as independent as they possibly can be. To be clear, our purpose is to ensure that the student association has a level of independence.

I emphasise that a lot of effort is being put into the informal structures. I will give you an example from my college. I personally meet the student presidents and chair an informal meeting once every two weeks. Those meetings also involve local union colleagues, staff and key managers, and they are opportunities for the students to build confidence in and take ownership of decisions. We actually make fairly influential decisions, and the students have an opportunity to directly influence the principal. They can also exert influence in the more formal structures, such as the boards of management.

Different colleges do it in slightly different ways, but it is important to recognise that a significant effort is made to support individuals by informal means to build their confidence so that they can then challenge, put forward their position and support learners. There is a range of examples of how we encourage engagement and build confidence.

Sue Macfarlane: I have only a couple of things to add to what Ann Baxter and Derek Smeall have said. Regionalisation has brought a regional student association to the student experience, which ensures that there is consistency of approach across the colleges. We worked with our colleagues in the student association to make sure that we have a consistent set of front-facing student policies that we share across all the colleges. The regional student association has a model in which paid officers and elected representatives sit on our boards. That has to be underpinned by the quality of the support for that at local level. From a regional point of view, it is important to ensure that there is local consistency. That is all that I have to add to what colleagues have said on that issue.

Work still needs to be done, including on funding and how we support our student associations, as the situation is getting tighter and tighter. That is impacting on what the student association can do, and it puts pressure on the partnership between colleges and student associations around ensuring the provision of not only informal support but the more formal support and activities that students need. Especially as we come out of Covid, students want to increase their in-person student experience on campus, not just in their learning but around that as well.

The Convener: On that subject, we have heard evidence from the Scottish Qualifications Authority that there is a reduction in the assessment content; that is more about formal learning at school during the previous two exam years. There is a fear that, as a result, pupils are not as prepared when they come to further education. Have you seen or experienced that in your colleges? I see that Sue Macfarlane is nodding fervently, so I will go to her first.

Sue Macfarlane: Absolutely. The funding for dealing with Covid has ceased, but we are still dealing with the legacy of Covid in respect of young people leaving school. We are having to ensure that they catch up in their learning and skill set, so we are putting in additional support. There is also a bit of work on the legacy on the social side. We are working hard with our student association colleagues on how we improve the student experience and build up the social side of their learning and the confidence that Derek Smeall spoke about. We are having to do extra things to provide support in all sorts of ways, and yet the funding has disappeared. Not enough attention has been paid to that aspect.

Derek Smeall: I absolutely agree with Sue Macfarlane. One of the things that colleges do extremely well, but which has been challenging—this work will go on for probably another two or three years—involves students who have been

affected or the transition for pupils coming to college. It is about not only building confidence but thinking about mental health, to which we obviously need to pay attention. Again, that aspect is under stress at present.

The big message that we are trying to get across is that we have a great opportunity here. It is almost as if we are coming out of a slumber; the students feel that there is a positive vibe on the campuses. That background noise has not been there for almost three years—many colleagues comment on it on entering the college.

It is about putting the fun back into learning—I know that that is a bit of a catchphrase—and getting young people to enjoy their lives again. The social and community aspects are critically important and make a massive contribution to improving young people's mental health and the communities in which they live.

The Convener: I see a lot of nodding there. That is really great to hear—thank you. I do not know whether Ann Baxter wants to say anything further.

Ann Baxter: The comments that have been made reflect our experience. We felt that it was important for students to have a lot of fun at the start of term, so we had an extended freshers week—

The Convener: A freshers fortnight.

Ann Baxter: Well, it was not quite a fortnight, but it was much longer than it would normally have been. It was very successful.

The Convener: That is great.

Bob Doris has a question in this area.

Bob Doris (Glasgow Maryhill and Springburn) (SNP): It is appropriate to ask this question now, because Mr Smeall has mentioned community involvement. One of the key aspects of regionalisation is about not throwing the baby out with the bath water; it is about making sure that colleges remain anchored in their communities despite the economies of scale and the greater pull and reach that regionalisation brings.

Those who are least likely to apply to college are most likely to get involved in the type of very local community activity that colleges might offer, which shut down completely during Covid. How is that going just now? Perhaps you can say a bit more about the importance of the work in communities to get those who are least likely to apply to college to do so in the first place? I am thinking of the pre-employability and pre-training work that colleges do so well. How is that faring now, and what are the challenges?

Derek Smeall: That is a pertinent and important question for us at Glasgow Kelvin College.

Historically, we have served primarily the north and east of Glasgow, where there are very high levels of deprivation. Statistically, by far the greatest proportion of our learners are from Scottish index of multiple deprivation 20 or SIMD 10 zones.

09:45

To get back to the point, we have large campuses right in the heart of communities, but we also had in excess of 40 learning centres where opportunities were provided, and those were completely shut down during Covid. The answer is not to go back to the way that it was—we are having to reinvent the situation. We look on that as an opportunity, but it is extremely challenging, especially in the current fiscal situation.

In our outreach work, we take education to the communities. I use the term “building confidence” over and over. It is about building enough confidence to allow people to enter the doors of our larger establishments, given that those learning pathways have been very successful over the years. I describe that as high-cost but very high-impact work. It suffers when there is contraction of funding or increasing costs at any point—it is very vulnerable to that.

To be clear, that is an absolute strategic priority for my college. We have had some success, and we have expanded in some of our larger campuses—for example, in Easterhouse—to give more opportunities directly. We are taking education in areas such as technology, engineering, social care and health into communities, but that is a major challenge. We have to use digital resources much more effectively to maintain our net capture and availability to our students. Again, that is a considerable strain financially.

There is a considerable way to go to re-establish the contact with the community. It is very challenging, but we are making headway.

Bob Doris: That is helpful. It is important to put on the record the high cost but high reward in this funding climate.

Sue Macfarlane: Members can imagine that my college operates in a very rural environment, and operating in the community is absolutely vital for us. We have a distributed model with a number of smaller learning centres. Derek Smeall alluded to the fact that, financially, the model is expensive, but it is absolutely imperative in reaching our communities and into the fragile areas that we serve.

We operate on the basis that we are the college and university in the community. It is not just about

ensuring that there is online provision, although that is one way. We have extended our digital provision, but we need staff on the ground who have connections with our local communities and employers, and the fragile learners who want to access learning and training in their local area. It is really important that that is not lost through the big economies of scale, especially in the more fragile communities.

We run a series of employability programmes. In all our centres, we have activities that get people in to get some confidence about being there and to interact with small groups of learners and staff. Even before formal learning, informal learning goes on. There is community activity that is simply about having a presence and building confidence in using the college.

We have to be cognisant that, although regionalisation has brought lots of opportunities around economies of scale and breaking down duplication, we must ensure that there is a balance and that we do not lose our local presence. We are there for the communities—that is the wider role of colleges. It is not just about learning; it is about inputting into the fragility of some of our communities and ensuring that we provide different services that are linked to learning but are not solely about learning. We have to ensure that we protect that, but it is costly.

The digital side of things absolutely widens access, but it goes only so far. However, during Covid, we found that we were still able to engage with lots of communities through online events such as ceilidhs and community quizzes. The colleges still have a role to play in the social aspect of our communities, especially where the fragile learners and communities are. I am sorry—I am starting to witter.

Bob Doris: Can I come back in, convener?

The Convener: You have one final question—is that correct?

Bob Doris: Yes, and it is to Mr Smeall. I was going to explore duplication, but Mr Dey has done that amply. In your answer to Mr Dey, I think that you talked about the Glasgow colleges group. Is there a distinction between the Glasgow colleges group and the Glasgow Colleges Regional Board? I was looking through Janie McCusker's submission on behalf of all the Glasgow colleges, and there are mixed views on whether that additional layer is required or is duplication. Is there a difference between the Glasgow colleges group and the regional board? What are your thoughts on the mixed views on the regional board?

Derek Smeall: It is no secret that there are mixed views in the region. I can say that the views of all three colleges are absolutely in line, but they

do not always agree with the GCRB perspective. The Glasgow colleges group is run solely by the Glasgow colleges. It is led by the three Glasgow principals, and we have a structure that is high-level operational but also strategic in delivering policy and strategy in the region.

The GCRB is very much a governing body and clearly has specific responsibilities, but one of the issues is that its governance is highly transactional, and the opinion of the three principals is that it massively duplicates the strategic operations of the colleges. For example, the three principals, who are the chief executives of the three individual colleges, also work diligently as part of the Glasgow colleges group. However, none of us is a member of the GCRB. That is a very strange model, which makes the connection between the GCRB and directing the movement of the colleges within the region very challenging—hence my reference to the fact that the governance is very transactional and that there is a lot of duplication.

In the opinion of the principals, the power house or driving force behind the actual progress that is delivered is the Glasgow colleges group. Therefore, there is a very distinct difference.

The Convener: Willie Rennie has a supplementary question.

Willie Rennie (North East Fife) (LD): I am puzzled by what Mr Smeall has just said. What is the logic or explanation for you not being on the board?

Derek Smeall: To take a step back, I note that I have been principal of Glasgow Kelvin College for three years and, to this day, I am still astonished and do not understand why that is. I am afraid that I cannot answer that question.

Willie Rennie: What do ministers tell you?

Derek Smeall: My understanding is that there was a Glasgow and Lanarkshire order that defined the specific details and breakdown of the constitution of the board at the time. I was not there, but I believe that it was discussed at the time, and the decision of the board was that the principals of the colleges would not be members. I understand that, historically, the matter was within the gift of the decisions that were made at that time.

Willie Rennie: Do you attend meetings?

Derek Smeall: Absolutely. I clarify that we attend meetings and have good working relationships with the executive team of the GCRB. A number of executive employees at the GCRB support the board. However, for example, the executive director—the executive member of staff who supports the chair and the work of the

board—is not employed by the colleges and is not directly involved in the work of the colleges.

Willie Rennie: Do you attend every board meeting?

Derek Smeall: I attend the board meetings. For example, at my college, I am a voting member of the board because of my position. The executive senior team attends the boards and is there to answer questions, to reflect and to give advice, when called on to do so. My position as a principal at GCRB meetings is to give information and evidence when called on to do so: I am not a voting member.

Willie Rennie: Do you think that mistakes are made as a result of that situation?

Derek Smeall: That is possible. I do not think that it is an appropriate model.

Willie Rennie: Does it make any real difference, though?

The Convener: Okay. Thank you. We move on to questions from the deputy convener.

Kaukab Stewart (Glasgow Kelvin) (SNP): I want to touch on finances. To what extent has the colleges' longer-term financial planning improved in recent years, and what has been the impact of that?

Derek Smeall: In looking back, especially over the Covid period, at the ability of colleges in general to plan, to analyse, and to work closely with the Scottish Funding Council and, most recently, with Government offices, I think that I can use the Scottish Funding Council's term and talk about the "emergency years". That is not to suggest that there was chaos: quite the opposite is true.

I welcomed the openness in how the Scottish Funding Council worked with colleges. Long may it continue. On the positive side, I say that, particularly over the past three years, when I have been a principal—although my connection with the Funding Council goes back quite a bit, to when I was a vice-principal—I have seen openness improve significantly, from the transactional level to the highest level of the Funding Council.

That said, the restrictions in the fiscal environment are absolutely enormous. I made a statement earlier about chronic underfunding. Although, historically, funding has moved, our course base has expanded way beyond the funding base, over time. During the past few years, that has generally resulted in redundancies—mainly through voluntary severance—in order to achieve efficiencies and to deliver as best we can. That has been extremely challenging.

On moving into the future, we have become more sophisticated and collaborative, both among colleges and with our colleagues at Colleges Scotland and the Scottish Funding Council. Over time, we have asked for guidance with longer-term projections from the Scottish Government, which it has recently provided. We have the three-year provisional allocation, but we have also received an extended projection for five years. However, that has been presented as "flat cash", for want of a better term.

I can speak only on behalf of my college, but the reality is that, when we did our own analysis we found that, as we go forward in the presence of "chronic underfunding"—there is a reason why I use that term—the impact looks at this early stage to be likely to mean a reduction in my workforce of 25 per cent by the end of year 5, which is 2027. I am sure that everyone around the table can recognise that if I reduce my workforce by 25 per cent, my college will simply not be the place that it is now. Do not get me wrong—I am not suggesting that our productivity or our opportunities would shrink by the same proportion, because we will be driving for efficiencies, but they would be seriously impacted.

Lots of hard decisions will have to be made. I want to reassure members that we are not shying away from hard decisions, but we need to make sure that there is understanding of what those decisions will mean.

I will go back to the point about high impact and high cost that we talked about earlier. Judgments need to be made, going forward. I ask that we do not lose sight of that. We must all understand that there is inevitability in this and accept that there must be, because this is a worldwide situation; it not just Scotland's situation.

When I say that we need to address chronic underfunding, we should understand that there are many ways to address it. The simple way is to gain more funding and to look at how it is distributed. The other way is to accept what the future looks like; in my analysis, the future includes the potential loss of 25 per cent of my workforce by the end of 2027. Will that happen? At the moment, that is the projection, and the advice that we are being given is that we analyse and project towards that.

Kaukab Stewart: Do the other two witnesses want to add anything to that? I want to come back in, but first I want to give you that opportunity.

10:00

Ann Baxter: I cannot explain a lot about funding. Although it is part of my remit, I am not an expert in it. Colleges have to start to use funding more imaginatively. Additional funding was

available for national qualifications and to maximise benefit for our students. South Lanarkshire College and New College Lanarkshire co-delivered extra revision sessions that students could share—drop-ins and shared resources. That was how we tried to maximise, for the benefit of our students, what I thought was quite limited funding.

Sue Macfarlane: I would repeat most of what Derek Smeall said. There are still opportunities for growth across the sector. We have to do things a little bit differently. One of the reasons why UHI Outer Hebrides is involved in merger talks is the economic opportunities that are available for colleges through ScotWind and so on. There are still opportunities to generate increased income, but the cost base has gone up so much that all our efforts at the moment are concentrated on just keeping our head above water. There is a lack of investment for making some of the changes that we require. Financially, we are running just to keep up.

As Derek Smeall said, we predict an almost 25 per cent reduction in our workforce over the next three to five years. That will have an impact, especially on rural economies.

Ann Baxter talked about using income differently. We are under pressure and we need to take account of the fact that colleges now have competition from private training providers and local authorities. That has impacted on the college market. We have pressure on income sources in lots of different ways. We are unable to invest in doing things differently. There are opportunities, but we are constrained in taking those opportunities.

Kaukab Stewart: Audit Scotland acknowledged that the pressures have been exacerbated by inflation, rising costs and so on, so I am glad that that has been mentioned.

Many years ago, prior to regionalisation—was it in 2014?—the Office for National Statistics announced that colleges throughout the United Kingdom were to be considered to be public bodies, which meant that they would get central Government funding. I am aware that you cannot build up reserves, but I have read that there is scope for setting up arm's-length organisations in order that you could generate funding. I am interested to hear a little bit more about that, and maybe to hear of an example of where that has happened.

Derek Smeall: My comments are in the context of the Glasgow colleges, and specifically Glasgow Kelvin College. ONS classification means—you are quite right—that colleges cannot hold cash reserves. That is the first element. Surplus cash could be transferred to arm's-length foundations.

However, ALFs are independent—they are, by definition, arm's length—and they have very educational and pedagogic purposes. They cannot be used just, for example, to plug holes in business models.

I am not aware that any college has added to its arm's-length foundation for many years, because the only way to add to an ALF is to create a surplus, and I am not aware of any college having created a surplus that has been significant enough to do that. It is not a function that is available to us.

In my college, some funding is still available. However, I mentioned earlier the projection over five years; our ALF will be empty within the first three years. We have to empty it in order to sustain other core development and displace our expenditure elsewhere. That is one example. I cannot speak on behalf of any other colleges, but many colleges have no ALF, there is virtually no money in their ALF or their ALF will be committed over the next three to five years and will disappear.

You are correct that there is a mechanism, but one of the difficulties is that business funding is not accessible for normal initiatives. We also cannot borrow; there might be certain capital aspects to that.

There is another thing that is very difficult. Ann Baxter was right that we need to think about innovation differently. I want to be very positive in my response: colleges are innovative and we will come back with new ideas, but the ONS restricts us in that we cannot in advance pre-seed any funding of development. At the moment, we are on a sustainability budget. In creating a new product and, perhaps, seeking alternative streams of funding—be it other public, commercial or private funding—many colleges have no way of investing in such things up front, because they do not carry cash reserves, or the restrictions on their ALF do not allow them to invest in specific areas for commercial benefit, because investment has to be for the benefit of students.

Funding is shrouded by a lot of constraints. Years ago, I held the position of chair of the audit committee of the Students Awards Agency Scotland, which is a Government department. I gained a lot of experience there, as we transitioned through to the ONS, but my reflection is that we got all the disadvantages of coming under the ONS's system but none of the advantages. That is my overarching conclusion. The current situation is restrictive and stifles potential innovation in colleges.

Sue Macfarlane: I agree with Derek Smeall that not many colleges have surpluses to invest in our arm's-length foundations. In fact, we are carrying a deficit this year, which we had planned and have a

clear financial recovery plan for getting out of, but that has been hit by flat-cash funding, the cost of living crisis and so on, so things are getting difficult.

Derek said that we have all the disadvantages of ONS and none of the advantages. One thing that we need in the college sector is flexibility around breaking even by end of year. I previously worked at the Scottish Qualifications Authority, which was under ONS, but there was flexibility around the end-of-year position and around carrying forward balances to the next year. Colleges need that flexibility; without it, the crisis will keep going year on year and we will not get out of it.

Willie Rennie: I have remarked on this before: I am astonished that all this is very managerial. The college sector has been cut for years on end, and college places have been reduced significantly for years, but the presentation that you have given this morning is very managerial and almost accepting of the position. I cannot understand why you are not angrier. What are you doing to persuade the Government to change its mind on funding levels?

Derek Smeall: I would not use the word “angry”, but I am certainly professionally frustrated. I go back to the point that I made about losing 25 per cent of staff; that is the reality, moving forward. In the past, we have talked about mergers. Regionalisation efficiencies have been accommodated over the years, which has reduced the workforce and made it more difficult to be innovative, which makes it more difficult to make progress. For example, microcredentials have been mentioned; they are an important element, but we are struggling monetarily to free up staff.

I am speaking in functional terms, but there are consequences to what we are talking about, and the biggest picture that I would paint in your minds is about our projections showing that by year 5, 25 per cent of the workforce will have gone.

Again, without going into detail, I note that that will put stress on the system. The first areas that will come under stress are courses that are not efficient in a business sense or according to some model, regardless of whether they are effective or impactful. I therefore have to balance what is socially impactful with what is affordable and so on. I am very concerned about being forced down the road of having to make decisions that I do not agree with or which I do not want to make professionally that would have that kind of impact. We are absolutely willing and able to work within the envelopes, but we must be clear what the consequences will be. Certain elements—the social elements, community elements and so on—must be protected as we move forward.

The position is incredibly difficult. My understanding is that, technically, a public body cannot become insolvent, but colleges could be driven towards that. I make it clear that the only alternative to that is to reduce staff. The Auditor General has talked about the proportion of funding for staffing, which has increased year after year; the report states that, on average, 70 per cent of colleges’ income goes on it. To clarify, I point out that that is 70 per cent of total income, although I think that I am correct in saying that for most colleges—certainly for my college—the figure is actually 80 per cent of accessible income or revenue. After all, not all of the 70 per cent that has been cited is accessible: for example, we are simply custodians of some of the student support and childcare funding. As I said, in my college in excess of 80 per cent of my accessible revenue has to go on staffing. Simple mathematics shows that, if that funding is cut, there is absolutely no alternative. To be quite honest, the money cannot come through efficiencies, which is just a euphemism for downsizing the workforce.

I emphasise, on a positive note, that we will drive for efficiencies; indeed, as both Sue Macfarlane and Ann Baxter have said, we will be working differently. However, that will still have an enormous impact—which, as a professional educationist, I am extremely concerned about. I am concerned about the social impact, too. We talked earlier about bringing the fun back and about the mental health of our young people. This could damage that approach, because we will simply not be able to deliver for our communities the number and breadth of opportunities in the same width of locations and geographical areas.

The Convener: I know that Sue Macfarlane, too, is keen to come in on the issue.

Sue Macfarlane: This might sound as if I am not answering your question directly, but I am.

There is an old adage that, when you go to the education sector and ask for something to be done, the school sector will say, “Where are all the resources?”, the university sector will say, “Let me go away and think long and hard about that before getting back to you” and the college sector will say, “When do you want it done by?” In some ways, Mr Rennie, we are very angry, but we are also victims of how we just get on with things, find solutions and move forward. That is what the college sector has been doing: we work within the constraints and we do the best that we can for our learners.

There is anger and there is frustration, but we are absolutely tired out, too. This has been happening year after year. We are in a perfect storm just now, but the fact is that the sector has been dealing with underfunding and lack of parity of esteem for a long, long time. That needs to

change, because there is tiredness in the sector. We are trying to be strategic, but there is anger. We work through Scotland's Colleges and so on. However, this situation is not new to us—that is the problem. Regionalisation has not solved the funding problem, and we are now in a perfect storm. Please do not think that we are not angry, because we are—but we just keep getting on with things.

The Convener: Graeme Dey has a small supplementary on this.

Graeme Dey: One of the luxuries that MSPs have is the ability to call for more funding for things without ever having to say where the funding will come from. I therefore very much commend you for looking at the overall picture and the alternatives to address the issues that you have highlighted.

I want to take you back to an earlier comment. As an alternative to more money—the upfront solution—you talked about the distribution model. Can I just be clear: did you mean the distribution of existing college funds or wider education funding? If so, from where in the education budget would those moneys be derived?

10:15

Derek Smeall: There is an opportunity to look at all of those different categories. You are absolutely right about redistribution, and we know and accept that there is a finite envelope within that. I am not an expert on schools—and I do not have enough knowledge to presume or look at that aspect, because it is a different environment—so I will focus on higher education, by which I mean universities and colleges.

There is a philosophical debate to be had about investment with regard to colleges and universities. Our models are different, and there are strains on universities that colleges do not have—and vice versa—but there needs to be a review of the equity of the core funding distribution between universities and colleges that is based on impact. That impact might be considered under various categories, including the social impact, the impact on the community and the economic impact.

Glasgow Kelvin College is very passionate about the agenda for training the new workforce for a sustainable world, and we have a number of specialisations in that area. I will give you one example to put that in context. Heating, ventilation and air conditioning—or HVAC—systems are going to change in domestic properties as well as in businesses over the next few years, and we are driving that change forward and are in a position to deliver the new workforce that is needed. Working with colleges and universities through innovation is

essential to taking the country forward with new technologies, but we are losing focus on the need to establish a large group of highly-trained individuals to deliver the new needs of the workforce. That is something that we are well positioned to do.

As I have said, we need to look again at the distribution of funding between universities and colleges. Because distribution between colleges and schools is more complex, the debate with regard to schools is itself much more complex. However, I am sure that members will have seen the figures, per head, for the disparity of funding between schools, colleges and universities. I will not quote them off the top of my head—I do not know them, so it would be inappropriate—but they are quite startling.

The Convener: Sue, I know that you do not want to come in on this, but I want to ask you about the expanding cost base that you mentioned. You have said that you have a clear financial plan to tackle the challenges that you face in that respect. I want to unpick that. Is it, for example, one of the reasons behind the merger that you are looking to proceed with?

Sue Macfarlane: It is. We have a financial plan whether we merge or not, but the merger is factored in and we see it as a way of improving our long-term financial sustainability.

However, the merger is not only about improving our cost base or economies of scale; it is about working with our partners in a way that gives us a sustainable framework to pursue the opportunities that the three colleges have in common but which we cannot pursue on our own, because we are too small and do not have the thought leadership or capacity in our staffing. By coming together, we might be able to create bigger teams and have the ability to pursue new things. As a result, it is as much about growth as it is about improving our cost base. However, it is part of UHI Outer Hebrides's financial sustainability plan, because I think that we would find it very difficult to keep going on our own.

The Convener: Thank you for clarifying that.

Ross Greer has some questions to follow up Derek Smeall's point about 80 per cent of accessible revenue going on staff pay.

Ross Greer (West Scotland) (Green): I found Derek Smeall's evidence on the role of the Glasgow Colleges Regional Board interesting. I acknowledge that Sue Macfarlane is in quite a different situation in UHI, but I would be interested to hear Ann Baxter's perspective on what the Lanarkshire regional board does that individual institutional boards cannot do. I accept that it does stuff that individual boards do not do at the moment, simply because it exists, but does it do

anything that it would simply not be possible for individual institutions to do?

Ann Baxter: The regional board in Lanarkshire is also the board for New College Lanarkshire—we do not have two separate boards. South Lanarkshire has its own board, so I am not sure whether I can answer that question. We do not work with two boards.

Ross Greer: It is harder to disentangle that issue, but the same debate keeps coming up about whether it is an appropriate model of governance.

Before I ask a couple of general questions about wider industrial relations issues, I want to ask specifically about local dispute resolution processes. A couple of years ago, there was a national joint negotiating committee agreement for each institution to agree a local dispute resolution procedure. At this point, I think that most, but not all, colleges have one. Before we go any further, therefore, I just want to ensure that my questions are being properly directed. Can each of you confirm whether your college has an agreed local dispute resolution process with your union?

Derek Smeall: I can confirm that we have a dispute resolution process, but I would give one caveat. There have recently been discussions with Unison, which wants to bring in a more detailed process for when colleges move into a position of dispute. That should not be conflated with the structure for resolving disputes, which is a technical process.

Ann Baxter: Likewise, we have a process for dealing with disputes. Recently, there have been enhanced communications. We are dealing with issues much quicker and more regularly.

Sue Macfarlane: We have procedures in place. We do not have a written procedure with Unison, but that is being addressed. We have one with the Educational Institute of Scotland. I should say that, although we do not have a written procedure with Unison, we have a procedure that we followed with legacy colleges.

The Convener: Ross, in the interests of time, could you make your questions short and sharp?

Ross Greer: Yes.

I have just one additional question on industrial relations. In seven of the past eight years, we have seen national strike action, which has sometimes come about because of individual educational disputes escalating and sometimes because of national bargaining disputes. Could each of you say briefly why disputes have so regularly escalated to national action? After all, there is no other sector in Scotland where we have seen national strike action almost every year in the past decade.

Derek Smeall: I will go first. Most of the disputes have, in essence, been around pay; indeed, many of the local disputes have been associated with pay pressures. I happen to be one of two principals who are negotiators on the national joint negotiating committee. I am sorry to go back to this classic point, but our restrictions, which have been at the centre of industrial action, are all related to our inability to meet expectations. For example, the reason that the last dispute resolution took so long was that we had reached the absolute maximum that we could go on affordability. Now we are moving almost into the realms of—dare I say it—impossibility. It is not technically possible for us to meet expectations of pay increases of up to 5 or 6 per cent.

To be honest with you, the chronic continuous underfunding has led, as I have stated, to an extremely challenging situation. The vast majority of those pay increases will have been paid for in part through the reduction of the workforce.

Ross Greer: Is there anything—

The Convener: I see that Sue Macfarlane wants to come in, too.

Ross Greer: Can I briefly follow up something that Derek Smeall said?

The Convener: Okay.

Ross Greer: I am interested in your experience as an NJNC negotiator. Would you change anything about the structure of the NJNC, accepting that the Government's response to the lessons learned exercise has yet to be published?

Derek Smeall: Yes. I am quite new to the position. I came in in the middle of the review, so I was able to look at things with a new eye, and I think that there are opportunities to look structurally at how things can be done more effectively.

There were some cultural stereotypes in there, but that situation is perhaps being alleviated by the turnover of staff. There is no doubt that we as a group—and I, certainly—accept the last lessons learned recommendations. We agree with them and support taking them forward.

Clearly, one of our biggest problems is that we are not in direct control of our budgeting. You would not expect that, but the fact is that our constraints are so tight that our ability to manoeuvre within the envelope is extremely constricted. It makes the negotiation extremely difficult, to the point that people often resort to industrial action.

The Convener: Did you want to come in, Sue?

Sue Macfarlane: Derek Smeall has covered all my points, convener.

Ross Greer: That was very efficient.

The Convener: I just wanted to check.

We move to questions from Michael Marra.

Michael Marra (North East Scotland) (Lab): I thank everyone for today's evidence so far, which has been pretty concerning but has provided us with a lot of clarity on some of the impacts. It has been very useful.

I will touch on research on completion rates, which has been presented to us by our colleagues from the Scottish Parliament information centre. Before the pandemic, non-completion of courses was around 24 per cent but, post-pandemic, that has risen to 28 per cent. What is the sector doing to deal with that?

Derek Smeall: Throughout the sector, that pattern is recognised. The college sector was very much locked down, even when society in general was not, and the impacts have been significant. To answer your question directly, as Ann Baxter touched on, there is the example of the extension of bringing back and welcoming the students. When I did my welcome back to the staff, they had a number of concerns, but I emphasised to them that their one big focus, no matter whether they had a support or a teaching role, and no matter how small they perceived that role to be, must be that they are all contributing to the student experience. From the minute they walk through the door, this is a new life for them, post-pandemic.

Anecdotally—as we do not yet have the figures, and I am not quoting—I can say that the numbers of students and groups appear to be quite positive and healthy. The preliminary feedback from students on their experience is very positive. It sounds as if I am just brushing over the issue, but the amount of work and investment of time and energy are enormous.

I will give a technical example. As other colleges have done, we in our college, through the working together of the teaching staff—for example, the course tutors—and the use of central data, have identified students who may be at early risk of withdrawing from the programme. Much of the time, that could be to do with their personal financial situation or mental health. We then respond directly to them with bespoke support as soon as humanly possible—preferably immediately.

Another phenomenon that we are well aware of is that young people who transition to college often have a group of support among their friends. Unfortunately, if one individual wavers and withdraws, it clicks into the heads of others to follow. We are very conscious of that. Making sure, when we recruit and enrol, that the right

students are getting on to the right programme as quickly as possible is absolutely up front.

I know that those are classic points, but I emphasise that it is about making sure that our systems and processes are absolutely up front and timely in doing that. That is the first step.

The next step involves maintaining the quality and the continuous support for that student experience, right through the programme.

Michael Marra: I may bring in Sue Macfarlane, in a second, if she has further comments. The information that we have indicates that an increase in non-completion is related to the pandemic. There would seem to be a problem. It is great to hear that there may be some evidence that those things are being tackled. However, it would seem that the non-completion rates have remained high—I would go as far as to say that they have remained very high—for a very long time. It is quite difficult to draw a comparison, but the best information that we have indicates that the completion rate in England is far higher. Does the sector recognise that?

10:30

Derek Smeall: I will expand a little bit on my previous answer. In my response about reducing the number of withdrawals, I have been talking about retention. That is because we know that retention is inextricably linked with the final success rate. Therefore, when we are talking about improving success rates, I talked about that issue.

One element on which I am cautious—I must be honest with members about this—is that my knowledge and understanding of the statistics in England are not good enough to give you an expert opinion. I am well aware that Scottish figures are based on further education statistics—FES. I am well versed on and comfortable with those figures. I also know that universities in England and Scotland can be compared because the Higher Education Statistics Agency collects figures on both. However, for colleges, England has a completely separate statistical system. I have no idea what parameters an English college uses to declare success or achievement compared with a Scottish college.

I will give an example. The Scottish process is black and white. Effectively, a student who enrolls and attends for one hour in the whole year goes down as an enrolled student and therefore would appear in the statistics as an unsuccessful student. There is a lot of debate and argument about that. However, in reality, that individual has made a decision about studying early on. That is included in the Scottish statistics, but I have no idea whether it is included in the English statistics.

Another example that colleagues could probably talk about is students who are in programmes but then gain employment. That is marked as a failure in the Scottish Funding Council's statistics. I do not know whether the same approach is taken in England. In addition, if a student who is studying, for example, plumbing then gains employment and transfers to an apprenticeship programme in the same college, they are marked as a failure on the original programme. Again, I do not know whether that is the same in England. Therefore, I am loth to make a direct comparison. However, there is obviously some connection.

I find it difficult to reconcile the fact that I have seen English figures that are significantly higher than Scottish figures. My instinct tells me that there might need to be a deeper dive into that to understand the situation and to gain equivalence. However, there is no denying that we absolutely need to drive forward the success rate of our students. They have suffered significantly over the pandemic. At the moment, we are bringing forward stage 1 of the student experience in which we will ensure that they get face-to-face contact. Many of our students, particularly FE students—my college, because of its nature, has a much greater proportion of FE students compared with HE students—have been disproportionately affected.

You can imagine that, if you were studying a practical subject or a non-advanced subject, you need interpersonal contact. For more mature and steadied students on a higher national certificate course, the digital environment was survivable or was one in which they could even thrive.

Sue Macfarlane: Derek Smeall has touched on how we measure success. We have rigid key performance indicators to measure our performance. We need to have a far more nuanced approach. As Derek said, it is seen as a failure if we lose students to employment.

The issue is impact and whether we can correlate what impact we have had in terms of students' learning on their final destination and whether the college has contributed to that, rather than it just happening to be a case of someone quitting a course because they did not like it and got a job regardless of their experience.

There are two issues. Retention is one issue—that is, how we retain students. That is about their experience and why they want to stay or do not want to stay.

The second issue is non-completion. The greater concern for me is people who stay with us right to the end of a course but do not complete it. Colleges have done a lot of work around that by looking at course design and flexibility of learning. We as a sector are doing a lot for those who leave us to go into employment. We want to continue

that flexibility of delivery into their studies so that they gain a qualification, because some people leave the full-time course before doing so.

The sector has tried to do a number of things on flexibility of course design and flexibility of delivery. It is about the student experience. However, underpinning that is the need to have another look at how we measure the success of our learners.

Michael Marra: Ann, do you have any comments on that?

Ann Baxter: Yes. The decline in completion rates is disappointing. The SQA and many of the awarding bodies allowed us to make alternative assessment arrangements but, for subjects that included health and safety elements or practical skills, we were not able to use the alternative assessment methods and those students had to carry units over to the next year, which has had an impact.

Michael Marra: That is useful and specific.

I have a question on the widening access agenda, which connects to Sue Macfarlane's comment about how we measure success. My understanding is that the widening access agenda is judged by inputs—in essence, the number of students who are recruited rather than those who complete. Would we have been better talking about the number of those who complete, at least in addition to the number who are recruited?

I have talked about non-completion sitting at 27 per cent but, for students in the widening access cohorts—those from the lowest SIMD areas—that soars to 36 per cent. Collectively, we understand some of the reasons for, and challenges around, that situation but, on how we understand success, would reporting on completion figures for the widening access cohorts be an appropriate metric to add?

Derek Smeall: It needs to be reviewed and defined because it depends on the question that is being asked.

Sometimes, the standard set of data that you receive does not answer your questions. For example, there is a suite of parameters that sits behind some of the statistics to which you refer, Mr Marra, that are more substantial and might be more helpful. For example, we have statistics that are measured per individual. Other statistics are measured in credits. I will not go into that, but it concerns volume of student activities and delivery. That gives you a different picture and message. For instance, in my college, we have a high proportion of part-time students. It can skew your understanding if you do not have the full breadth of information.

There is no doubt that we should have clear definitions. If we have policy questions to answer we should have a clear definition of what statistics track them. For example, perhaps we use the SIMD as a measure too broadly. Perhaps it needs to be broken down. We all collect lots of other data that sit behind that. However, I agree that success needs to be better defined to answer specific questions for monitoring against policy.

The Convener: I invite Stephanie Callaghan to ask a question on the theme, although other witnesses might wish to contribute in response to Michael Marra's question.

Stephanie Callaghan: I will touch on the wider issues around completion rates that Michael Marra mentioned. Are actions being taken to address the issue that disabled students and care-experienced students are even less likely to successfully complete and more likely to withdraw?

Derek Smeall: That issue is covered in our analysis quarterly and reported back to the board of management through learning and teaching. It is monitored all the way through the process, but we also have a comprehensive process of dynamic operational planning, so we can identify anomalies. Sometimes, statistics are a year in retrograde because we are looking back and making adjustments moving forward. However, for example, every programme and every course—I think that it will be the same at all colleges—has its quality improvement tabulated and there is a requirement to consider all related issues, be it for vulnerable groups or protected characteristics.

We were talking about achievement rates. We consider the breakdown for the protected characteristics, for example, and see how they perform in comparison with the rest of the college. When we look retrospectively, we do a wider comparison with the rest of the country as well.

Stephanie Callaghan: Are you taking direct actions to address that issue?

Derek Smeall: Yes. At a college level, the way that that is directly actioned is that there is an operating plan, an evaluation and a curriculum review, but the expectation is that it will be addressed explicitly by programme. If a programme identifies that its cohort of students is falling behind, interventions can be put in place. We are quite sophisticated in how we monitor that. Some of that will be at an institution level and some of it will be local.

The Convener: I would like us to move on. I am conscious of the time and I know that Sue Macfarlane and Ann Baxter want to respond to some of those points.

Ann Baxter: In support of fair work, we need to ensure increased prosperity and equity for all in

our college community. Covid has had an uneven impact on certain groups. One action that we have taken in the college is to set up a new department for access and progression to support the individuals who are furthest away from the labour market. That is one action that we have taken in the past 12 months.

The Convener: Our final contribution is from Sue Macfarlane.

Sue Macfarlane: Derek Smeall talked about how we monitor our performance against protected characteristics, but it is important to know that we plan against those. We have student engagement strategies and widening access plans and, although we have not been required over the past couple of years to formally construct those or report on those, we go through them as a matter of course in our planning for how we support our students, not just in general but in relation to specific characteristics. There is planning, monitoring and funding that we set aside to ensure that we have the right guidance and student support in place.

The Convener: We have had a packed session, and I thank you all for your time and for responding to questions in such depth and detail. We found the session really important.

We will now have an eight-minute suspension to allow a changeover of witnesses.

10:42

Meeting suspended.

10:50

On resuming—

The Convener: We will now take evidence from our second panel of witnesses. I welcome Joanna Campbell, who is principal and chief executive of Dumfries and Galloway College; Neil Cowie, who is principal and chief executive of North East Scotland College; Angela Cox, who is principal and chief executive of Ayrshire College; and Hugh Hall, who is principal and chief executive of Fife College.

As with our first panel, this will be a hybrid session, as Angela Cox is participating virtually. Angela, as it is not likely that you will be able to catch my eye when you want to come in, please put an R in the chat box when you wish to contribute. The clerks will be monitoring the chat box, and I will bring you in when I can. We now move to questions.

Graeme Dey: Over the past decade, we have gone through a process that has involved mergers and regionalisation. Can you briefly give us your views on the extent to which that process has

achieved its aims? What have been the successes and where is there still room for improvement?

Joanna Campbell (Dumfries and Galloway College): Thank you for the invitation to come along and provide evidence. I welcome the opportunity to represent Dumfries and Galloway College.

As I said in my written evidence, I think that the regionalisation process has worked well for Dumfries and Galloway College and in the Dumfries and Galloway region from the point of view that it has increased our alignment with Scottish Government policy and has provided us with a greater focus on advancing opportunity for people in the region that we serve and on supporting economic growth.

However, I will highlight two areas in my region specifically where I feel that there is further work to do. The challenges of a rural economy are such that, in the Dumfries and Galloway region, SMEs make up 95 per cent of our business base. Therefore, unlike other regions in Scotland, there is no economy of scale. We have a diverse employer base, which means that the landscape is slightly cluttered. Therefore, there is still work to do on regional coherence. For me, that is an unfinished matter within the regionalisation process. Unlike the way in which other regions operate, the college is not always the focal point.

The other aspect of regionalisation that I think we still need to address—I know that the committee spent some time exploring this aspect in the previous evidence session—is around the funding challenges, particularly for rural colleges.

Hugh Hall (Fife College): Good morning. It is good to be here. I have been at Fife College for five years as principal. Prior to that, I was the chair of Forth Valley College for seven years, and I was one of the regional leads who worked on the regionalisation programme under the then cabinet secretary. That gave me some insights into what was planned. Also, in a previous life, I worked at the Scottish Funding Council. I was one of the commissioning team back in 1992, when the Scottish Higher Education Funding Council was created, so I have a wee bit of understanding of where we have come from.

Regionalisation has achieved economies of scale, has increased opportunities for our colleagues—our staff—and has helped us to improve our offering for local, regional employers. The whole thing ran very smoothly and it was delivered on time. As a piece of work in bringing together disparate organisations, I think that it achieved its aim of creating new regional colleges. It generated about £50 million-worth of annual savings in the process. Unfortunately, all those savings went back into the Scottish Government,

so the colleges did not get the benefit, which is rather unfortunate.

For me, the most damaging aspect of regionalisation was the decision to take colleges into public sector control. Our Office for National Statistics classification became that of the public sector, so we suddenly became part of the Scottish Government financial regulations and so on, with all the constraints and bureaucracy that accompany that. Previously, although we did not have freedom to operate or to do whatever we liked—there were all the constraints that you would normally expect with a publicly funded organisation relating to borrowing and so on—there were flexibilities that were removed on regionalisation, and colleges have been suffering as a consequence ever since.

For example, the inability to borrow means that we are totally dependent on the Scottish Government for our capital infrastructure financing. In 2014, the Scottish Government announced that there would be two new colleges—one in Falkirk and one in Dunfermline—but we are only now putting down the foundations in Dunfermline, and it has been painful to say the least. Had we been a university with the ability to borrow, we would have been getting on with stuff like that.

The real downside is that there is lots of bureaucracy and control and there are many constraints. The upside is about the economies of scale, the way in which we can work with employers and the opportunities for our staff. The downside is the straitjacket that is ONS classification.

Neil Cowie (North East Scotland College): On behalf of North East Scotland College, I welcome the opportunity to meet the committee and share my thoughts. I have worked with the college for about 23 years now and I have been a public servant for about 34 years. I am very much grounded in the north-east, as is my family.

Pre-merger, I was a member of Banff and Buchan College, so I got to see and understand exactly the kind of roll-together that happens when you bring two very big organisations into a merged state. You lose certain things. Certainly, the legacy colleges were very different beasts, so it took longer than we probably all anticipated for them to come together in one entity—one college with one culture. Nonetheless, I believe that we have achieved that. Through the three main campuses that we have been able to keep going, we have established communities that we serve in slightly different ways.

Some genuinely positive things have come from the experience of regionalisation since 2013. We have moved towards a more co-ordinated regional

curriculum for the former colleges to deliver in one way. There has certainly been an enhancement of regional progression pathways. I would like to namecheck the two universities in the area, particularly Robert Gordon University, with which we are closely aligned on progression. That approach seems to work well for many of our learners who wish to articulate to degree programmes.

We also have very good relationships with the two local authorities and the partner schools in Aberdeen City Council and Aberdeenshire Council. Those relationships have been forged more strongly through regionalisation. Consequently, that opens us up in better ways to be more accessible for pupils who are seeking to progress to us, and from us into university.

Staff development has been more co-ordinated, which has been helpful, and we have had some benefits to the estate, although other colleges have not. For example, we have been able to capitalise on the Fraserburgh campus work that we did pre-merger and add a science, technology, engineering and mathematics centre to that, which has been well used.

Other things have come as a consequence of regionalisation. It has strengthened the regional relationships, particularly around the regional economic strategy. For example, you will be aware of the energy transition zone and the national energy skills accelerator, which are forming things very well for our move towards energy transition. Community planning has become more solid, particularly in Aberdeen City Council, which means that we are more joined up on the more dominant planning arrangements for the citizens of the city.

On the drawbacks, I think that student attainment has taken a hit, particularly with the larger colleges. I do not necessarily have an answer to that, but I expect that the committee will want to explore the issue further. In general, attainment has not tended to improve, and there is a complex set of discussions to be had around why that is still the case. Pre-merger, the figures were certainly better in relation to some of the activities that my legacy colleges were involved in.

11:00

The affinity to the college might have changed and been impacted as a consequence of regionalisation. For a good few of our colleagues in the legacy colleges, who were very connected to their colleges, having a new entity to promote and work within was a challenge, particularly for those in our rural centre at Fraserburgh. However, we have worked very hard as a leadership team to make sure that we are promoting a one-college

ethos, and I think that that is working in terms of our enhanced engagement approaches, particularly with our staff, students and stakeholders.

Angela Cox (Ayrshire College): For some context, after spending more than 20 years in the English sector, I joined Borders College six years ago and I have now been principal of Ayrshire College for just over two weeks. Therefore, my experience and examples will probably jump between the two areas.

When I joined Borders College, it had a really clear regional focus. Being recognised as an anchor institution and being around the table with our local authority and other partners, in order to deliver on the priorities for the region, was a real benefit to the socioeconomic prosperity of the region.

However, we also need to recognise the importance of the travel to work and learn patterns, depending on where people are, and how that impacts on the economy. For us, the economies in Edinburgh and Northumberland are just as important as the economy in the Scottish Borders.

All colleges will have a set of unique skills and capacity that can add value to a national—if not international—agenda. We had some unique programmes in the Scottish Borders around performance sport, such as the higher national diploma in downhill mountain biking. That is the only such programme in Europe, and we had more European than local students on it. In addition, we should not lose sight of our unique aeronautical engineering provision in Ayr College. That regional focus is very important, but we are part of a bigger framework, and partnership working across the bigger educational framework in Scotland is critical.

Building on those foundations, colleges need to have increased autonomy and the ability to be agile and respond to the needs of their region, as well as the national economic priorities. We also need to have a performance framework that is focused on impact rather than activity because, sometimes, the impact of what we do cannot be seen within six, nine or 12 months. That is really important in the context of the local region, because our focus is often on community and engagement, not just on skills outcomes.

Graeme Dey: One of the aspirations of regionalisation was that colleges would end up with greater clout and status in their relationships with universities. Ten years on, to what extent have we achieved that parity of esteem and genuine partnership working between equals?

The Convener: Who would like to go first on that one?

Neil Cowie: From my perspective, we have worked well with our partner universities. Without attempting to cheat business away from them, it is still seen as a bit of a gold standard for people to progress to university but, in this day and age, with our raft of qualifications and pathways, there are many options. I do not know whether, nationally, we have that parity of esteem with our university colleagues, but NESCol is a regional player alongside the universities, and its status has probably been supported and elevated as a consequence of regionalisation. That is my perspective from my region.

The Convener: Does anyone else want to answer that question?

Joanna Campbell: I am happy to answer it. My experience of working with universities is a particularly positive one. We have better alignment with the post-1992 institutions, and many colleges have extensive articulation arrangements with their local universities and further afield.

Dumfries and Galloway College is a partner on the Crichton campus leadership group. The campus consists of a number of universities and the college, with the college being the biggest educational institution not only in the region, but in the south of Scotland. We are delighted to be involved in one of the south of Scotland pathfinder programmes of work. The related project is a piece of work that we are doing with the University of the West of Scotland, through which we are looking to create a coherent learner journey from the senior phase of school up to graduate level. I welcome that opportunity, because it means that we can proactively plan progression from college to university that starts in the senior phase.

Next year, we will be offering two specific programmes—one in cybersecurity and one in business—to create an even greater higher education offer in the south of Scotland, in recognition of the fact that there is a significant gap in that provision in the south of Scotland.

Angela Cox: My experience in the Scottish Borders and in Ayrshire is that colleges are seen by the local authority as having parity of esteem. However, where there is duplication of higher-level technical skills, such as HNDs and HNCs, there is not the same parity when it comes to funding—universities are paid at a much higher level than colleges are. I am not sure whether that is a result of regionalisation.

However, my experience in Scotland of partnership working is really positive. For example, four universities and colleges have worked together for more than five years to deliver the Edinburgh and south-east Scotland city region deal. We are now looking at where we go next to capitalise on the capacity and trust that have been

established among those institutions. That is a really positive move, but it will become a reality only if our funding and the controls that are put on colleges are relaxed a bit so that we can respond to the opportunities that exist to work with our university partners.

Hugh Hall: The direct answer is that regionalisation has strengthened our relationship with universities and has improved parity of esteem. However, there are two big issues at play that get in the way of perfecting that parity. One is funding—as Angela just said, the funding system in Scotland for tertiary education is a mess and it has been for a number of years. Everyone agrees that it needs to be sorted, but we have been talking about it for years and we have never done anything about it. The funding landscape is totally and utterly irrational and it needs to be looked at as a matter of urgency.

The other issue is that people associate colleges with further education; however, colleges are actually involved in further education and higher education. In Fife College, 30 per cent and growing of our provision is in higher education. I think that people forget that fact.

For parents and teachers, I think that there is still a notion that the ambition is to get to university rather than to college. A lot of the fantastic work that colleges do is not seen. We are not great at blowing our own trumpet and talking about all the wonderful things that are happening.

We have got some fantastic students who, for one reason or another, will not go to university and want to go to their local college. That is quite often linked to vocational skills—they might want to do a modern apprenticeship or work in a particular trade, for example. We need to get the message out there that going to college is as good as going to university from the point of view of what a student's future progression might look like.

I was at the state funeral at Westminster abbey on Monday and I sat next to a guy in a green uniform. We introduced ourselves and I discovered that he was the chief executive of the North West Ambulance Service down in Manchester. We had plenty of time to have a chat. It transpires that he started his tertiary education at Carnegie College—a predecessor of Fife College. He was schooled in Edinburgh but did not do too well at school. He joined the NHS when he was 17, got a posting in his early 20s to the Fife ambulance station and, after a few years, decided that he wanted to study for a higher national in management. He went to night school and picked up his higher national, then went to Edinburgh Napier University and got a master's degree in business administration. He is now chair of the Association of Ambulance Chief Executives for the

whole of the United Kingdom. That is really inspirational.

A couple of weeks ago, I met a guy called Clive Bellingham, who came into the college. He is the deputy president of the Institute of Chartered Accountants of Scotland. He lived in Kirkcaldy, went off to university, didn't like it and decided to go back home again. He picked up an HN in accounting at Adam Smith College, went on to become a chartered accountant and a senior partner with PWC, and is now the deputy president of ICAS.

Those stories are significant and there are a lot of them. We need to get out there and tell those stories—when we do that, we will start to get parity of esteem.

The Convener: At a previous meeting, we heard from one of your students, Alex Bryson, who spoke highly of the support and opportunities that he gets as a latecomer to further education.

Stephanie Callaghan: That was a fantastic story, Hugh. It was also great to hear from Joanna Campbell about the planning for progression from college to university. How are colleges engaging with local businesses and sectors to grow the curriculum in key areas of research and commercial opportunities such as renewables and engineering?

The Convener: As that question is on renewables, perhaps Neil or Joanna can answer.

Neil Cowie: I am happy to answer it.

To go back to a point that was raised earlier, regionalisation has allowed the college to be a key regional partner. Consequently, we are at the table for those regional economic strategy discussions. Through the member organisations that we are affiliated to, such as Energy Transition Zone, the regional economic strategy group and the north-east's National Energy Skills Accelerator, we can link to some of the employers that would be looking to facilitate energy transition activity. That gives us a conduit to some of the bigger players in the industries that are common in the north-east.

As a college, through things such as the flexible workforce development fund and activities including our modern apprenticeships offer, we are pretty effective and have a lot of links to many employers in the north-east. Even though, as the committee will understand, that activity took a big hit through the Covid years, we have grown it back. For example, modern apprenticeship numbers dropped quite a bit during the two Covid years but, encouragingly, they have now picked up substantially. Similarly, our allocation and spend of the flexible workforce development fund is significantly higher now than it was pre-Covid.

The college is getting buy-in from employers and we are certainly getting the connections right in our region. People are aware of what the college does and what it can offer, which is encouraging.

Joanna Campbell: To build on the point that Neil Cowie made, over the past 12 months, I have seen an increase in the number of employers who we have been able to support through the flexible workforce development fund. Dumfries and Galloway College has had roughly a 25 per cent increase in the number of modern apprenticeship places that we have been able to provide to employers.

11:15

Most colleges run a number of fora in which employers can engage directly with colleges. That allows us to develop a curriculum that responds to employers' immediate needs.

The sector is keen to support the move towards microcredentials. There is an agility in the college curriculum that our awarding bodies do not necessarily keep pace with. Colleges can offer upskilling and retraining provision and can accredit and award that themselves. We are keen to do more of that. That is one of the recommendations in the Scottish Funding Council's report.

We have been working closely with our local authority in Dumfries and Galloway. I mentioned the Crichton campus leadership group. A couple of years ago, in response to the challenge of net zero, we developed a green skills academy. We have been working with employers and our local authority to look at training in specific aspects of that area, such as supporting electric vehicle maintenance or training for wind turbine operatives. There are lots of offers. The result is that we can now support the move towards a decarbonised economy, which also features in the national strategy for economic transformation.

Can I go back to a point that I was going to make about parity of esteem?

The Convener: Yes.

Joanna Campbell: I will come back to two aspects of that. Approximately 26 per cent of our annual student intake are offered the chance to progress to university, which means that a quarter of all students who come into the college sector every year are effectively doing year 1 or year 1 and 2 of a degree. I am telling you that because there is parity of esteem but there is also duplication in funding. There is an anomaly between the SAAS fee that the colleges receive and the fees that universities receive, and there is overlap in the funding. If you are looking to make

efficiencies in the public purse, there are opportunities there.

The Convener: You have drawn our attention to that. Angela Cox wants to come in.

Angela Cox: In my experience at Borders College, which is very small in the Scottish FE landscape, we worked with around 500 employers each year, the vast majority of which were small businesses and microbusinesses. Those companies really look to colleges to support workforce development and innovation, although colleges often do not recognise innovation as it is. I am also a board member of Interface.

All the funding for, measurement of and focus on innovation sits in the university sector. As we progress, and because of the need for small businesses and microbusinesses to be sustainable and to grow in line with the national strategy for economic transformation, colleges will need capacity and funding to develop the innovation offer that we provide through our current funding mechanism.

Regarding renewables, one good example of colleges being agile is that Borders College was given a significant chunk of community renewal funding to develop a sustainability academy. In the past 12 months, we provided training for more than 500 people in a range of sustainability programmes for individuals and businesses.

That was important for us, because we were not constrained by a qualifications framework. We could develop short, three or nine-hour programmes that could be online or in person. It was very much tailored to what individual businesses and individuals needed. Without that funding, we would not have been able to do that, because the organisation's funding was all allocated through different funding lines.

Hugh Hall: Colleges are at the heart of economic development in their regions. We work with and listen carefully to employers across the region. As I said, that is one of the strengths of regionalisation; it has given us status and the ability to go in and give a good offering to employers. We also work with local authorities and their economic development operations and so on. That aspect is working well.

The Government is pushing hard on work-based learning and things such as foundation and graduate apprenticeships. We have also seen an increase in the demand for modern apprenticeships over the past year. Unfortunately, however, the funding landscape does not fit with the push for greater work-based learning. We are getting signals that the flexible workforce development fund will, in fact, be reduced in the coming years, which seems very counterintuitive.

About £2 billion is spent each year on colleges and universities by the Scottish Funding Council and Skills Development Scotland—that is core grant. The funding system has not changed in a good number of years. Skills Development Scotland is focused on apprenticeships and other work-based learning type activities. The Scottish Funding Council's core grant is, in fact, related to legacy funding. I hope that someone at some stage will decide to bring Skills Development Scotland and the Scottish Funding Council together at the same time as we look at the whole funding landscape. I hope that we will have a funding landscape that aligns with the country's economic development needs and that is not simply about legacy funding arrangements.

The Convener: There were lots of nodding heads there.

Oliver Mundell (Dumfriesshire) (Con): Witnesses have touched on a lot of the topics that are of concern to me, and particularly the challenges facing smaller rural colleges. Joanna Campbell's written submission talks about the impact of flat cash settlements, the pressures of inflation and some of the things that colleges are being asked to do. How will the lack of funding impact on your work over the next few years?

Joanna Campbell: The challenges of the rural economy are such that it is difficult to achieve the same efficiencies that you would find in the larger colleges, predominantly because we are dealing with smaller cohorts of students. In relation to the funding challenges, we have flat cash for the next five years. I know that the committee had representations on that in the previous evidence session. Although I do not want to put a quantum on what that looks like, from my college's perspective, it presents a significant financial sustainability challenge for us in the next five years. The need to work in partnership with other public agencies in the region is even greater than ever.

In my introductory remarks, I spoke about a cluttered landscape in Dumfries and Galloway region. I would like the committee to appreciate that there is a need to drive greater financial sustainability by reducing overlap in the system in my region. To go back to the question that Mr Mundell asked, it is harder for a small rural college to generate additional income in the way that some of the larger colleges can. That is predominantly because of the make-up of the employer base with which we are working. Our rural economy has a lot of small employers, rather than larger employers who might take on a whole cohort of modern apprentices, so we deal with a lot of individual businesses. That is another challenge that we have to address.

Angela Cox: Based on my experience in the Borders, I would absolutely echo that. However, from the very short time that I have been at Ayrshire College, I would say that the real risk for colleges in the current funding climate lies in our inability to do what we are brilliant at, which is promoting fair access and inclusive growth.

Ayrshire is a large college, but we have rural economies surrounding us. It will be increasingly hard for us to reach out to those who are most vulnerable in isolated communities, which can also be in an urban setting, because we will not have the flexibility in our funding to offer those individuals something bespoke. There is a risk that everything becomes a bit mainstream. Colleges' richness and uniqueness lies in the fact that we are inclusive organisations and we offer something for everyone in the communities that we serve.

The Convener: I am pausing, because I am not getting any eye contact from Oliver Mundell on needing a supplementary—

Oliver Mundell: I was waiting to see whether Angela Cox wanted to say any more—

The Convener: If I could interrupt for a second, we have a tight schedule this morning and there are four witnesses, so I ask members to direct questions to specific witnesses. If someone really wants to contribute, they can catch my eye.

We go back to Oliver Mundell.

Oliver Mundell: Thank you, convener—I did not want to cut anyone off.

My other question is about something that came up with the previous panel. In Glasgow, there have been significant mergers of colleges as part of regionalisation. That scale of merger is more challenging—I would say impossible—in other parts of the country, simply because of geography. Is there pressure in the system to look at what I would describe as unsuitable mergers, or significant changes in the structure of colleges, to try to deal with budgetary pressures? Are we at that point? Again, I am happy to put that question to any of the witnesses.

The Convener: Hugh Hall has indicated that he is willing.

Hugh Hall: The financial outlook for colleges is not good, as everyone acknowledges. I am an accountant, though, so if you give me a set of figures, I will come up with the answers that you are looking for. Colleges have great assets, brilliant people, terrific infrastructure and so on, and we need to maximise those assets. If our core funding is being cut, we should be allowed the ability to be creative and innovate, and to get out there and earn additional income, but we cannot do so because of the constraints of ONS classification.

If ministers want to help us solve our financial challenges, they could do so very quickly. The coherence and sustainability review resulted in a number of recommendations—again, it would be helpful if we accelerated the process of taking those forward. It is disappointing that, although the report was published in June last year, the Minister for Higher Education and Further Education, Youth Employment and Training responded to it in October, and we will have to wait until next summer to get the statement of intent from Government. We are in a crisis situation—we need the statement of intent now, and we need the constraints removed to allow us to move forward.

In addition, it is almost inevitable that there will be some structural change. I do not think that there is a geographical issue—we can have campuses in far-flung areas. There is a merger going on in the Highlands involving a very distant rural area, and Heriot-Watt University has campuses all over the world, so there are models that we can look at.

There will be further structural change, and it will come through the strong relationships that colleges and universities already have. We are not necessarily talking about mergers—there are different models that we can adopt. We can look at how other countries operate their tertiary education systems. For example, we can look to America, Japan or Australia, which all have federal models of delivery. Fife College will remain Fife College—we will not lose the brand—but I will be working with several other institutions, universities and colleges in the delivery.

11:30

That gives us economies of scale, and it helps tremendously in removing duplication. It brings academic colleagues together to enhance the programmes that we provide, and it gives us a much stronger seat at the table when we are talking to Government, local authorities, businesses and so on.

There will be further structural change in the sector, and I think that it will involve colleges and universities. However, we need Government to exercise a bit of leadership and direction at this time, so that we are not pushing solutions further down the road at a point when we have already had to lose jobs and everything else. I am a believer that we should not be shedding jobs. Why would we want to do that? We should be growing the businesses that we have.

The Convener: Willie Rennie has a short supplementary.

Willie Rennie: Why does Government not get this?

The Convener: That is short.

Hugh Hall: I do not know. You might want to put that question to Government ministers. It is not for the want of asking, on my part. They feel the need to take their time to do it, but that is a matter for questions.

I underline the need for urgency. If we were a corporate entity or any other business, we would be round the board table and making decisions based on the evidence in front of us, and we would be getting on with it. We are not getting on with it.

Willie Rennie: What happens if Government does not seize the opportunity?

Hugh Hall: I think that there will be financial sustainability issues for quite a number of institutions, and there will be a need for bailouts and job cuts that are perhaps very avoidable. I hope that none of that will happen at Fife College because, regardless of what the Government is going to do, I am not waiting to be told—I am getting on with it. Nevertheless, I would find it much better if I had the Government alongside me, working with me to come up with solutions. There are a lot of options that we could be exploring, and we need to get on with it.

Neil Cowie: To add to what Hugh Hall said, I think that we have been very progressive since regionalisation kicked in, and we have sought to meet national and regional priorities as best we can. The concern that we all share is that the day-to-day operations of our colleges are becoming trickier, because we are already very lean; regionalisation saw to that, given the amount of efficiency savings that we had to make to merge colleges and embrace the regionalisation ambition.

There is a national strategy for economic transformation, and fundamentally there are some big asks in there. I think that all the themes in that apply to the colleges. The skills theme has been singled out as one for the colleges, but I think that we fit in under all the themes. It is almost impossible to understand how delivering on the strategy within 10 years will be achieved in the current funding climate.

The Convener: I know that Michael Marra has some questions; we will pick up that thread ever so slightly in the future. First, however, we will move to Kaukab Stewart. Kaukab, I ask you to direct your question to a specific member of the panel.

Kaukab Stewart: I went for the subject of college finances with the previous panel, but a lot of that has been covered.

My observation, which you will not be surprised to hear, is that I have some sympathy with your

position. You are having to work within a finite budget that is being impacted by the cost of living and inflation, and you cannot borrow; I know that that is a tricky situation to be in.

Hugh Hall talked about the Office for National Statistics, which has reclassified colleges as public bodies. I assume that being public bodies increases accountability for colleges. I am looking for solutions as we move forward. If you were to vary the business and funding model, how would you balance the need for accountability with enabling colleges to have a little bit of extra space to self-fund?

Hugh Hall: I do not think that being non-ONS classified, if you like, would make a difference—we would still be a publicly funded body. For most of us, that equates to about 80 or 90 per cent of our funding coming from the Scottish Government. That comes with all manner of constraints, requirements and so on. The ONS classification is just a particular issue within Government accounting. Back in 2014, ministers took a very conscious decision to allow that classification to take place; it was within their gift not to go down that road.

I struggle to understand the benefits to the Scottish Government of having colleges ONS classified. No one has ever explained them to me. Any of the risks associated with governance, accountability and so on are easily taken care of through the annual financial memorandum, accounting arrangements and so on. I cannot see a downside to that—I can only imagine that it is philosophical. If you get the opportunity to speak to ministers, you can ask them that question, because it puzzles me.

Kaukab Stewart: The classification applies across the whole of the UK, not just in Scotland. Is that not the case?

Hugh Hall: My understanding is that colleges in England are not ONS classified. I could be wrong about that, but my understanding is that they are outside classification.

The Convener: Can you confirm that, Angela, given that you worked south of the border before you came up to the Borders and then went to Ayrshire?

Angela Cox: Colleges in England have a lot more autonomy and flexibility around how they generate income, take loans for investment and retain any profits and reserves that they might have for investment in future years. There is much more flexibility to operate as a business and to plan longer term than perhaps we have in Scotland.

Kaukab Stewart: I want to ask quickly about the impact of multiyear funding. Would Joanna Campbell like to come in on that?

Joanna Campbell: We operate on an annual basis, because that is how our funding is allocated but, if we were to move towards the kind of multiyear arrangement that we in the college sector have been pushing for, we would be able to plan over a longer timeframe and undertake pieces of work that last longer than one academic year.

Declassification, which you asked about, would mean that the college sector would be able to reinvest any surpluses. If we had multiyear funding deals and declassification, we would be able to reinvest that money in our estate. If you look at the most recent Audit Scotland report, you will see that the college estate requires a huge amount of backlog maintenance. Our ability to address that without investment would be a significant issue, and multiyear funding deals along with declassification would make a significant impact on our ability in that respect.

Kaukab Stewart: Thank you.

The Convener: We move to questions from Michael Marra.

Michael Marra: I want to go back to the statement of intent. It strikes me that that is in response to the review of coherent provision and sustainability in the tertiary sector, but a plethora of other documents have been produced and a plethora of suggestions have been made in recent years. Have any of the four of you been involved in discussions about what the statement of intent might include?

The Convener: I see shaking heads.

Michael Marra: That would be a no. That is useful and interesting.

It is my understanding that a group of in excess of 20 civil servants is working on that in St Andrew's house or some Scottish Government office somewhere, but there is also another group of civil servants in the Scottish Funding Council that is working on the same issue to try to produce something. You are all leaders, and you all bring experience to the table. Do you have any insight into the process that those civil servants might be following or into how the Government is making those strategic decisions?

I see that the answer is no. That is quite concerning.

Going back to the previous panel, we heard from the principal of Glasgow Kelvin College pretty concerning evidence, to say the least—in fact, I thought that it was quite devastating evidence—that he was projecting the loss of a quarter of his

workforce as a result of the cuts that are being brought in. Have you had the opportunity to feed those kinds of headwinds—if I can use that euphemism—into the process? Have you had the opportunity to input those kinds of issues into the process?

Hugh Hall: Currently, we are all finalising our financial forecasts for the Scottish Funding Council, which are due at the end of the month, so we have all been in the thick of it. That is separate from our budgetary arrangements and our plans that we put to our boards. It is a high-level view of what the next five years will look like financially.

The Scottish Funding Council provides us with a list of assumptions to use in preparing the forecasts that are totally and utterly removed from reality, such as an inflation rate of 2 per cent. Under some pressure from the colleges, the finance directors of the colleges have come up with a separate set of scenarios that we all felt were much more realistic. Given the volatility in the economy at the moment, it is difficult to get any sort of clarity around financial forecasts, so those mechanisms are in place.

At Fife College, we have a third scenario that we think is much more realistic than the other two, and we have finalised that. That will go to our finance committee tomorrow afternoon for review and to our board next week. As it is still going through that governance process, it would be inappropriate for me to go into detail on it, but one thing that it looks at is headcount reduction. It also looks at things such as opportunities to grow our commercial income and to take out non-salary costs and so on.

I think that all colleges want to minimise—if not avoid—reductions in staffing. None of us wants to reduce staffing—that is very much a last resort. In any case, I think that it is too early to say what the percentages would be. It is going to be tough. That is why we have to think outside the box and work across colleges and universities to come up with scenarios in which we minimise the number of job losses.

There will be people who will want to leave colleges because they have got to an age and stage at which they want to move on. That is also an issue. On the age profile of college staff, 50 per cent of my workforce is over 50. I am not making an ageist comment—I am one of them. We need to understand that people will move on and so on, but we want to avoid job losses as far as we are able.

Michael Marra: Is it your expectation that the documents that you are producing, critical as they are, will inform the reform process that the SFC is undertaking?

Hugh Hall: One would hope so. When we have put those scenarios down in black and white and said, “Here are all the different issues that we are facing,” the Scottish Funding Council will take that to the Scottish Government, and I hope that that will underscore the degree of urgency of all of this and that ministers will make decisions on the back of it.

As you said, there have been a lot of reports on the colleges and universities—more reports than you can shake a stick at. We do not need any more time for deliberation. All the evidence is there. What we need now is leadership and decision making.

Michael Marra: I think that we hear that.

The Convener: I will bring in Angela Cox to respond to those questions.

Angela Cox: I will not repeat a lot of what Hugh Hall has said. However, we need to be mindful that over 70 per cent of the sector’s funding currently goes into pay, so there is not an awful lot of room for colleges to make efficiencies or to grow our provision within the current constraints. If the reductions in funding or increases in costs are realised over the next three to five years, it is inevitable that people across the sector will lose their jobs.

A list of scenarios that are based on flat cash has been set by the SFC. However, public sector pay policy is to keep pay rises at 2 per cent while inflation is sitting at 10 per cent, so colleges will likely have to find some funding to support a pay claim if we are to give a pay claim at all. We have increasing energy costs—we all have big and expensive buildings—and we deliver a lot of technical qualifications, which are expensive to run. When I was leaving Borders College, our budget for construction consumables for the year had already been nearly used up, just from the increase in the cost of resources for the year.

11:45

There are real and immediate challenges, but scenario planning is difficult because what we have been provided with from the SFC is at odds with where we think things will end up. However, when staffing is over 70 per cent of our cost base, there is not much room for manoeuvre.

Joanna Campbell: To build on what Hugh Hall said, it is time to think outside the box. It is time to look across the post-16 educational landscape and ensure that we have value for the public purse. In my region, there are certainly a number of public sector agencies that are focusing on skills. From my point of view, colleges are at the heart of economic recovery and are best placed to focus on skills for their regional economies.

What I have been planning in the financial scenario is about creating headroom for growth. My operating budget is quite small in comparison to those of some of my colleagues on the panel. Nonetheless, significant savings will need to be made. Seventy-four per cent of my costs relate to staff, and the majority of those staff costs are for teaching staff, so there is very little wriggle room for me to reduce those costs even further. We are running a very efficient curriculum offer, and we have flexibility in how we offer our programmes, but there is very little capacity to be able to respond in a way that does not mean that we will have to look at our workforce. I do not want to give a quantum on that, because there is an on-going discussion with my board and my senior team.

Neil Cowie: Just to reinforce the message, we have done some modelling, as other colleagues have done, on the financial forecast return that is to be returned to the SFC, with the assumptions that have been given. If we take our own assumptions, which include inflation, pay and increases in things such as gas and electricity prices, the possible deficit that we are anticipating would quadruple. We had already planned voluntary severance and a reduction in staff for 2022-23, but that was on the basis of our original deficit position. If we had a balanced budget, the deficit would be far less. If we are going to have to quadruple the loss of staff, that will be significant.

To restate an earlier point, that will make the day job far more difficult, and outcomes and support for learners will therefore be challenged. If we are then to try to do the day job and meet the ambitions of, for example, the national strategy for economic transformation, that will be nigh on impossible unless there is some fundamental change in the approach to how colleges are funded.

Michael Marra: The current operational context is very important when we are reflecting on this. In our previous meeting, we took evidence from the SQA regarding outcomes. I was keen to understand the issues relating to lost learning. Students have had a reduced curriculum and have not had the experiences that they might have had. Referring to what the college sector could do in relation to lost learning, Robert Quinn from the SQA said in response to one of my questions:

“I feel strongly that it should be well placed to provide support.”—[*Official Report, Education, Children and Young People Committee, 7 September 2022; c 12.*]

Has the SFC asked you to give any indication of what additional support you can provide to make up for lost learning at any point?

Joanna Campbell: A quantum of our funding was ring fenced for deferred student places—those were students who had not been able to complete their studies in the last academic year.

That happened the year before as well. There has been a little bit of headroom there to allow those students to complete their studies.

One of the difficulties that we have faced over the past two years is that, when dealing with the impact of Covid, we needed to respond very quickly in relation to how we could allow our students to complete. Some of those students have elected to leave the college system to go out into employment—

Michael Marra: If I might interrupt—I am sorry, Joanna—I am referring to the results from this year, which are relevant to the operating conditions. Is there an indication that there is any form of resource, or expectation of support, for the cohort that is leaving school this year, who have just received their grades and are coming into college, starting this week or last week? Are you making up for their loss of learning? Is that being quantified or measured by the SFC? Is it appreciated that the SQA expects you to do that work? Is there no such indication?

The Convener: That could be a succinct yes or no answer.

Michael Marra: A yes or a no would be useful.

Joanna Campbell: It is a no from me, but my colleagues might disagree.

Hugh Hall: No.

Michael Marra: Angela, is it a yes or a no from you?

The Convener: Angela wanted to—

Angela Cox: It is a no from me, but I add that it is not just lost learning but the lack of development of social maturity and the need to deal with the mental health fallout for those young people and adults that will contribute to an increase in drop out.

The Convener: Graeme Dey has a supplementary question on that theme.

Graeme Dey: I think that Joanna Campbell said a moment ago that 70 per cent of costs went on staffing. Earlier in the meeting we heard of another college where the figure was 80 per cent. However, the latest available figures for universities, which are from 2019, suggest that the average spend on staffing is 55 per cent. At face value, that is quite a discrepancy. From your position, is that a like-for-like comparison? You will accept that it is quite a difference.

The Convener: I think that the question is for Angela Cox, whose light is on, and not for Joanna Campbell.

Angela Cox: Yes, it is quite a difference—but colleges and universities are very different

institutions, as we can see when we look, for example, at their balance sheets. As we heard earlier, colleges are not able to generate surpluses. We are also not engaged in research activity in the way that universities are. Therefore, it stands to reason that our staff costs will be significantly higher. I add that we have, in the past number of years, gone through harmonisation of pay scales for lecturing staff. It is fantastic that we have been able to harmonise terms and conditions, but from a rural perspective, that has meant that our staff costs have gone up quite significantly, in the process.

Graeme Dey: That suggests that universities' ability to create income is the difference that is creating the discrepancy. Is that the case?

Hugh Hall: There are various reasons for that. We must take into account that most universities are research intensive, so many of their costs will be associated with research and knowledge-exchange projects that do not necessarily have a high staff input. That could be one factor; the nature of the expenditure is another. If we were to look at a university's profile of commercial revenues versus publicly funded revenues we would see that they are starkly different.

Also, we need only walk around universities and colleges—as, I suspect, MSPs do—to see that they are different in many ways. Much of that has to do with the fact that universities generate a lot of revenue from international students. In fact, it is not on research but on international activity that they make the biggest margins.

As we mentioned earlier, universities also get a higher unit of resource for higher education than colleges do. That is anomalous and it is to be hoped that it will be addressed. I am not for a minute suggesting that we reduce the unit income for universities; it is more a case of levelling up colleges so that we can provide for college students the same facilities as they would get if they were attending university.

There is a lot of unpacking to do in answering the question. I think that I want to go away and do some analysis; that must be the accountant in me coming through.

Graeme Dey: Perhaps you could write back to the committee on that.

The Convener: That would be fine. Perhaps I should also declare an interest, as an ex-employee of ICAS.

We will move to questions from Ross Greer.

Ross Greer: I was really interested in what Hugh Hall said a couple of moments ago about the relationship between Skills Development Scotland and the Scottish Funding Council. Recently there was a pretty scathing report about how

dysfunctional that has been. You seemed to be suggesting a merger of those two organisations because of that overlap, which would create quite a large public body.

To clarify, are there specific functions of SDS that you think would sit better within the SFC, or vice versa? Or, are you proposing that both organisations and all their responsibilities—everything from the national careers service to apprenticeships and university and college funding—should sit under one public body?

Hugh Hall: I have to declare an interest, because I was the lead person at Scottish Enterprise; I was the chief financial officer at the point when Skills Development Scotland was created and had a leading role. We brought in what had been Careers Scotland and made all sorts of other changes at the same time.

I am particularly keen to look at the funding and skills aspects. That is where I think there is scope for much greater alignment and convergence, and for a lot of creativity about the nature of funding. There could be stronger work-based learning activities. What we do with the careers aspect of Skills Development Scotland is open to discussion. Bringing the two organisations together would create scope for economies of scale as well as making them more impactful and effective. That is all up for review. It has been talked about for a number of years, but I am not aware of any deep-dive study that has looked into the real benefits that would come from joining the two organisations together.

Ross Greer: That deserves further exploration in Parliament, whether by this committee or by the Economy and Fair Work Committee.

I have a couple of questions about industrial relations. I would appreciate it if everyone could answer the first question, which is for clarification. A couple of years ago, there was an NJNC agreement about getting each college to agree on a local dispute-resolution process. That agreement was made with the EIS and there was a separate situation for support staff. I think that most, but not all, colleges have now agreed a local process and have put it in place. I would like each witness to say what the status of that is at their institution. We could hear from those who are here in person and then go to Angela Cox.

Hugh Hall: We have that in place at Fife College.

Joanna Campbell: We are in discussion with our local joint negotiating committee about a matter that the committee has raised under that circular. We will go through the local body and hope that the matter will not have to be referred to the national committee.

Ross Greer: Do you have a timescale for when you hope to reach a resolution?

Joanna Campbell: I cannot give the committee an answer on that, but we are not talking about months: it is more likely to be weeks. The LJNC is due to meet tomorrow; that is why I cannot give you a firm answer.

Neil Cowie: To the best of my knowledge, we have that in place. I was recently at an LJNC meeting, in which we agreed that that would be reviewed imminently. That is in train.

Angela Cox: Ayrshire College did have an LJNC agreement in place with both our trade unions. Unison recently raised some queries about it; an alternative model has been put to Unison and we are waiting. We hope that the matter will be resolved soon.

Ross Greer: My next question is also for Angela. I am interested in your perspective because you have been elsewhere and are now in the Scottish sector.

There has been national industrial action in seven of the past eight years. Industrial relations in the college sector are clearly not what anyone would want them to be. I am interested in your reflections on how that compares to your experience elsewhere. Is there something that is unique to the Scottish sector that we can resolve, or have we ended up where we are because of the time that we are in and wider public finance constraints?

Angela Cox: I can answer only on my experience; others might have different experiences, depending on the colleges that they are in. I came from the City of Liverpool College, where there was a huge focus on trade union involvement and negotiation as we went through a very big transformational change. I was involved in trade union striking on more than one occasion.

12:00

My experience in Scotland is local. I have had positive and collaborative relationships with our trade unions. I have not experienced anything that was out of kilter with my experience in the English sector. However, there is a bit of a disconnect between some of the national narrative and what is happening on the ground locally in colleges. We need to work through that. It has to do with national bargaining and how our trade unions position themselves on that.

Hugh Hall: I, too, want to distinguish between what is happening at national level and what is happening at regional level. I read the evidence that Stuart Brown and colleagues gave. Stuart is a friend of mine. Some of the language around the lack of trust and the antagonism around that might

be a feature of national bargaining from time to time, but it certainly is not a feature of our relations at regional level, which I would describe as being very cordial. We work closely together and we give advance sight of what is going on. Regular meetings take place on all the big issues—for example, on financial forecasts, which we have been talking about this morning. On Monday, I have a workshop with Unison and the EIS reps in the college, at which we will talk through all the issues.

Regionally, industrial relations are positive and strong. Nationally, they did not get off to a great start, when national bargaining was introduced by the Scottish Government. There have been lots of bumps in the road, some of which were very avoidable. We need to learn the lessons of the past several years and maybe have a wee rethink about how we deliver national bargaining. As members will be aware, several reports have been written on that—about lessons learned and so on.

At the end of the day, it is about people. It is about getting round the table the right people who are committed to making things work for the good of the college sector. Stuart Brown and other EIS colleagues have that aim at the forefront. We all share the aim of doing what is best for the college sector. We need to get round the table and work through the issues.

Neil Cowie: I echo what has been said by Angela Cox and Hugh Hall. It was pleasing to note from some of the written submissions to the committee that union colleagues recognise that there is good practice, even though they focused on where that does not happen. It is not rocket science.

It is also about positive relationship building. From the get-go, when I came into post on 20 December 2019—although I had worked with the college for many years beforehand—I sought to make sure that, across the college, we had enhanced engagement practices with the student body and our union colleagues. In a consultative and progressive way, they were very much part of what we as a college sought to do, particularly when it came to dealing with the pandemic. We have kept with that; we have managed it throughout the pandemic and beyond.

However, from speaking to colleagues across the sector, I recognise that we are not all in the same place. We have set some things in motion, even though the legislation per se does not necessarily allow us to do that. Our union colleagues have been on the board for the past couple of years, so they get to see from the top, and throughout the organisation, exactly what we are doing and planning. They have input into that. Of course, we know that we will differ in our opinions at times, but we have at least created

professional fora to allow us to have those conversations and—as I hope and as Hugh Hall has indicated—to get something that is fundamentally impactful for the people whom we serve.

Joanna Campbell: I echo what has been said. At local level, my experience of working with my trade unions is cordial. We work collegiately on issues that we need to address together. Throughout our dealings with the impact of Covid, the trade unions were able to offer advice and support. We worked with them very closely.

With regard to what has happened over the past number of years with national bargaining, the funding that we received from the Scottish Funding Council as we went through the harmonisation process was very welcome, but I guess that you could also argue that it raised expectations and that it has provided significant financial challenges for the sector.

However, multiyear funding deals would give us scope to work taking a longer-term planning perspective with our trade unions on pay deals and so on. The single-year funding deals have exacerbated the challenges in respect of our being able to afford what we can. Our staff deserve the pay rises that we would like to be able to give them, but there is an envelope that we need to work within.

Ross Greer: I have a final brief question. Hugh Hall said that there had been a number of lessons-learned reports, the latest of which is still due a response from the Scottish Government. Are there particular points that you would like to see in that response? For example, would you like to see proposals for reforming the NJNC or for wider change in the sector?

Hugh Hall: We await the Scottish Government's response with interest.

Ross Greer: That was a politician's answer.

The Convener: Is that you finished, Ross?

Ross Greer: Yes, thanks.

The Convener: My next question is for Neil Cowie, Joanna Campbell and Angela Cox. What key reflections and recommendations have emerged from the regional tertiary pathfinder pilots?

Who would like to go first? Joanna?

Joanna Campbell: We are still working through those projects. We have established in the south of Scotland a programme board, with three projects. First, there is a pathway between Dumfries and Galloway College and the University of the West of Scotland; secondly, there is a digital skills hub, which we have been running for the past couple of years; and thirdly, there is a project

with a net zero focus. I am less familiar with the net zero project, because it is between Scotland's Rural College and Borders College.

We are working very fast within the timeframe, with the deliverables expected next March. Although we are making good progress with them and the experience has been very positive so far, it is still too early for me to give you any indications or to comment on any outcomes.

Neil Cowie: Our timescales are pretty much the same as those that Joanna Campbell is working to, but the north-east Scotland pathfinder projects have four key strands. One is continuation and development of the Robert Gordon University and North East Scotland College strategic partnership, which will cover joint planning and provision of programmes and development of pathways and possible shared services. By "shared services" I mean more targeted services for engaging learners—in particular, those who are more likely to become disengaged or to be disadvantaged.

The three main tertiary providers—the two universities and North East Scotland College—will be involved in a health and care partnership that will promote pathways and work opportunities in health and social care professions. There is also a tripartite arrangement around energy transition, which is about skills provision for transitioning, emerging industries and our net zero ambitions for Scotland and the north-east. The final strand, which the college is leading on, is the review of the senior phase in the north-east and how the three tertiary providers can impact positively, in conjunction with our local authority partners and the partner schools, to better effect, ultimately, with regard to progression and attainment.

One little but quite important thing that harks back to the report by Audrey Cumberland and Paul Little, and which has been touched on slightly, is the exploration in the RGU-NESCol strategic partnership of a one-stop shop for information on tertiary provision in the north-east and what that might look like for learners, employers, parents and other influencers. Some really good work that predates the pathfinder, but which will, I hope, come to fruition in due course, is about how the articulation arrangements that RGU-NESCol have worked so hard to establish over the years for degree programmes can work for the apprenticeship family.

We are also exploring how we can create home-grown qualifications that are fit for the employers in our region and which will allow us to fast track people in relation to skills deficits and needs in the region for our employers. That is also alluded to in the Cumberland-Little report.

Angela Cox: I will not repeat what Joanna Campbell said. The project with the SRUC and

Borders College is around land-based natural capital. It has a sustainability strand, but it is about land-based provision in the south of Scotland and ensuring that we have a single offer. It then moves to joint curriculum development and joint working around innovation and research. I will not be involved in the pathfinder, but I hope that what will come out of it is that the sector will be able to showcase how we work together using different models. There is no one set way of collaborating; we can work together in different ways to benefit our regions and national priorities.

The Convener: I believe that Willie Rennie has a supplementary question on that.

Willie Rennie: The question is on trade union relationships, to finish off that point. I understand that relationships locally are good. Is that because you do not have the power individually to give the trade unions what they want? If that is the case, why are you not able to do collectively what you are doing locally?

Hugh Hall: We have the power to give trade unions locally what they are looking for, because we make decisions at regional level on all sorts of terms and conditions and ways of working that impact on the working conditions of their members. From that point of view, it is an effective relationship. In the past few weeks I have been talking to trade unions—the EIS, in particular—about timetabling, class sizes, digital learning and all manner of different things. Those are all decisions that will be taken at regional level—and it works.

Although I have not been closely involved in national bargaining, when you bring things up to the national level, the people around the table often do not work as closely together as we do at college level. I see my union reps in the canteen and as I am walking along the corridor and I say hello to them. There is a relationship; there is understanding and there is communication flow and everything else. I do not know whether the national bargaining machinery does not work so well because there is not that chemistry or regular communication. We need to ask how we can start to make that work. I know that people such as Stuart Brown at EIS have ideas about how we can make those sorts of changes. At the end of the day, it is down to people. I do not think that we will be dismantling national bargaining any time soon, and a lot of benefits have flowed from it. As I said earlier, can we not just sit around the table and make it work?

Neil Cowie: To reiterate a point that Hugh Hall raised, I note that my understanding is that since Gavin Donoghue has come into College Employers Scotland, he has attempted to build that way of working. It is about relationship

building, which is what will produce better outcomes in the longer haul at whatever level.

The Convener: I thank everyone for their time today. It has been a very informative session. The public part of today's meeting is now at an end. I am sorry to those who have just walked in. We will consider our final agenda item in private.

12:14

Meeting continued in private until 12:30.

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