

Friday, 29 January 2021

John Swinney MSP
Deputy First Minister

Richard Lochhead MSP
Minister for Further Education,
Higher
Education and Science

Kate Forbes MSP
Cabinet Secretary for
Finance

Ref: SS/JJ
Direct: 07703 974 675

Dear Cabinet Secretaries and Ministers,

Draft Budget Announcement and Sector Priorities

We are writing to you jointly today following the announcement of the Scottish Government Draft Budget 2021/22 on Thursday 28 January 2021.

Colleges Scotland welcomes the Draft Budget, which recognises the need for investment in learners, staff, and our colleges across the country and which we believe offers a good step towards addressing the financial sustainability challenges facing colleges across Scotland.

In cash terms the Draft Budget gives the sector an additional £35.7million, an increase of 5.6% on last year's revenue resource allocation. This is positive, not only because of the day-to-day work colleges deliver across the country but also because of the severe and ongoing impact of the pandemic.

College Sector Challenges and Outstanding Financial Gaps

As you will be aware from previous discussions, the college sector is facing a number of serious and immediate challenges around deferrals and sector finances as a result of the latest January national lockdown.

We want to clearly restate that whilst yesterday's Draft Budget announcement is welcome, below is a summary of the as yet unfulfilled financial requirements from the college sector:

1. Ministers will be aware of the projections Colleges Scotland has provided around deferral scenarios. Depending on timing and conditions of the relaxation of the latest national lockdown these projections are in a range from £38m to £99m.
2. Since the latest national lockdown was announced on Monday 4 January 2021 the sector has incurred additional costs that were not accounted for during this academic year of £35m.
3. Revenue – The financial pressures on the college sector outlined in the November 2020 submission and which led to our evidence-based additional ask of £71.2m have only partially been addressed through the Draft Budget.



4. Capital – Also in the November 2020 submission we sought additional investment of £84.5m, however the college sector received a decrease of £2m in the Draft Budget announcement.

College Sector Expectations

The Draft Budget sets out that an anticipated £500m of COVID-19 consequential funding is to be allocated to the Scottish Government, and we fully expect that the college sector will benefit further from this funding allocation.

As evidenced in the list above the college sector has real and significant financial challenges which are only somewhat accounted for in yesterday's announcement.

We would be grateful for Scottish Ministers to indicate when would be an appropriate time to meet with the sector to discuss these challenges through further dialogue.

Your Sincerely,

A handwritten signature in black ink that reads 'Shona Struthers' with a horizontal line underneath.

Shona Struthers
Chief Executive
Colleges Scotland

A handwritten signature in black ink that reads 'Ken Milroy'.

Ken Milroy
Chair
Colleges Scotland