

**GLASGOW KELVIN COLLEGE
BOARD OF MANAGEMENT MEETING OF 01 MARCH 2021
SCOTTISH DRAFT BUDGET UPDATE
REPORT BY PRINCIPAL**

1. Introduction

The purpose of this report is to provide summary details of the Scottish Government Draft Budget for 2021/22. A helpful summary of the Draft Budget, from the perspective of the College sector, Published by Colleges Scotland, is attached to this sheet.

The full draft Budget can be found here:

<https://www.gov.scot/publications/scottish-budget-2021-22/>

2. Scottish Government Draft Budget for 2021/22 – College Sector Summary

Please see on next Page.....

Scottish Draft Budget 2021/22 Analysis

The Scottish Government published its [Draft Budget 2021/22](#) on Thursday, 28 January 2021 and Colleges Scotland issue a [media statement](#). The budget will not be finalised until it has gone through the Scottish Parliament's legislative process. The Draft Budget only covers one year, so there will be another spending review for 2022/23 onwards.

Government Spending on Colleges

The key headlines in the 2021/22 Draft Budget in relation to the college sector are:

- The Scottish Government has **increased** current levels of **revenue funding** for the college sector by 5.6% in cash terms, with the Draft Budget for 2021/22 confirmed as **£675.7m**. This represents an additional **£35.7m** against the Budget for 2020/21.
- The Scottish Government has **reduced** current levels of **capital funding** for the college sector with the Draft Budget for 2020/21 confirmed as **£33.7m**. This represents a **reduction of £2m** against the draft budget for 2021/22.

Below is the high-level breakdown of spending for the college sector in relation to the Scottish Funding Council (SFC):

	2020/21 £m	Draft Budget 2021/22 £m
College Operational Expenditure	830.0	865.7
College Operational Income	(190.0)	(190.0)
Net College Resource	640.0	675.7
College NPD Expenditure	29.3	29.3
College Capital Expenditure	37.4	33.7
College Capital Receipts	(1.7)	0
Net College Capital	35.7	33.7

Key points to note in the Draft Budget include:

- Increased investment in colleges to raise their ability to support our economy and delivering a well-educated, skilled workforce.
- Increased resources for colleges to mitigate the effects of COVID-19, including the challenges of blended learning.
- Commitment to continue to support the development of well-educated, highly skilled people, supporting sustainable and inclusive growth and delivering on the Young Person's Guarantee.
- Commitment to offer apprenticeship opportunities that are open to all by investing through Skills Development Scotland (SDS) to maximise apprenticeship starts.
- Deliver on the commitment to enhance early learning and childcare.

Scottish Government will continue to work with the Scottish Funding Council (SFC) to:

- Increase funding to colleges to ensure they can continue to produce a highly skilled population and be a key delivery partner in the wider employability and skills agenda, particularly through the Young Persons' Guarantee.
- Prioritise a further £30 million to support the continuation of Foundation and Graduate Apprenticeships, and support in our colleges digital learning and mental health programmes for staff and students.

Wider Education and Skills Portfolio Context:

- The Scottish Government to invest £2.7 billion in education and skills, including £1.9 billion to the SFC, to fund the university and college sectors, including £700 million for colleges and £1.1 billion for universities.
- The Scottish Government to provide £1.1 billion to drive forward the national mission for jobs and equip the future workforce with the skills they need, including an additional £125 million of investment targeted at employment support, including the National Transition Training Fund and Young Person's Guarantee, alongside £230.9 million for SDS.
- The Scottish Government to deliver just over £6 billion of capital investment in 2021/22 through the National Infrastructure Mission – including almost £100 million for superfast digital connectivity.
- Invest £2 billion additional funding to facilitate decarbonisation activity and to support new green Scottish industries, creating thousands of low carbon jobs, and helping to end Scotland's contribution to climate change by 2045.
- The Scottish Government will allocate an initial £14 million from the Green Jobs Fund, across the enterprise agencies and supporting supply chains.
- The Scottish Government will work to establish a Green Jobs Workforce Academy, to ensure the workforce has the right skills to meet the requirements of a just transition by supporting existing employees, and those who are facing redundancy, to assess their existing skills and undertake the necessary upskilling and reskilling they need to secure green job opportunities as they emerge.

Lines to Take

A copy of Colleges Scotland's media statement is outlined below. We ask that members take a similar stance when communicating externally.

Thursday, 28 January 2021

Comment on the Draft Scottish Budget

Commenting on the Draft Scottish Budget announced today (Thursday), Shona Struthers, Chief Executive of Colleges Scotland, said:

"Colleges Scotland welcomes the Draft Budget, which recognises the need for investment in learners, staff and our colleges across the country: this is a good step towards addressing financial sustainability.

"In cash terms, today's 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.

"The Draft Budget sets out that an anticipated £500million of COVID-19 consequential funding is coming to Scotland, and we would fully expect that colleges would benefit further from this. There are financial challenges for the sector that we are dealing with now in terms of pandemic costs, which come on top of the existing investment needed in every college on an ongoing basis. Recovering from the pandemic will require substantial additional investment to help to continue to deliver high quality teaching and learning – this has never been more important as Scotland looks ahead to rebuilding the economy and increasing productivity outputs.

"Scottish Government clearly recognises the role colleges have in delivering qualifications, skills and support for 239,000 learners and the contribution colleges make now, to productivity, and in the future, for economic recovery. As always, we will work closely with Scottish Government and Scottish Funding Council on behalf of the college learners to source additional capital funding for the sector. Students moving into the workplace of the 21st century deserve high quality facilities, world-class teaching and cutting-edge skills training which we are well able to deliver with adequate investment."

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4. Risk and Assurance

As a detailed breakdown of the budget has not been communicated, at this time, by the Scottish Funding Council we do not have sufficient information to identify specific areas of risk or opportunity. However, we can be reasonably certain that 5.6% overall uplift will not be realised as a corresponding uplift in College revenue. This is unlikely to be greater than just over 2%. It is too early to know exactly what consequence the reduction in capital will have. It is likely that the methodology of distribution will remain unchanged. Any uplift will provide a contribution towards cost of living staff costs and other inflationary costs. It is unlikely to offer any additional funds to invest in organisational development. This therefore presents a risk to achieving our ongoing Transformation and Renewal objectives.

Members should however receive significant assurance from the College's positive progress to date in achieving both its Strategic and Transformational objectives.

5. Equality

No direct negative impacts on people with protected characteristics have been identified as a consequence of this paper.

6. Data Protection

There are no direct data protection implications as a consequence of this paper.

7. Recommendations

Members are recommended to note the contents of this update report.

8. Further Information

Members can obtain further information on the contents of this report from Derek Smeall, Principal – dsmeall@glasgowkelvin.ac.uk

DSm, March 2021