

Audit Committee Meeting

Date of Meeting	Tuesday 2 October 2018
Paper Title	Brexit
Agenda Item	15
Paper Number	AC1-K
Responsible Officer	Jim Godfrey, Finance & Resources Director
Status	Disclosable
Action	For information

1. Report Purpose

- 1.1. Note the report produced following a workshop to consider the impact of Brexit on the college sector in Scotland.

2. Recommendations

- 2.1 The Committee is invited to **note** the evaluation of the risks posed by Brexit.

3. Evaluation of Brexit

- 2.2 A workshop involving SFC, Colleges Scotland and sector representatives was held in June 2018. The purpose of the workshop was to explore the risks posed by Brexit and the opportunities available. Following the workshop, a report was produced which is attached for information.

- 2.3 It is also interesting to note that the SFC has recently embarked upon a recruitment programme to appoint a team of six people to work on this issue. The information of the SFC website states that:

“We are recruiting six fixed term posts to lead the development, agreement and implementation of SFC’s work on EU Exit preparation, working in close collaboration with Colleges Scotland, Universities Scotland and the Scottish Government. Providing analysis and advice, we are particularly interested in those with expertise in policy, statistical analysis and/or financial analysis.”

Further details are available via the following link: <http://www.sfc.ac.uk/about-sfc/work-with-us/jobs/sfc-jobs.aspx#EU>

- 2.4 It is anticipated that further work will take place at a national level and the position of GCRB is to monitor developments and contribute as appropriate.

4. Risk Analysis

- 4.1.** The issue of Brexit is identified within the risk registers of the individual colleges in Glasgow and GCRB. However, it is not identified as one of the highest risks and is generally perceived as a low or medium risk.

5. Equalities Implications

- 5.1.** There are no equalities implications as a direct result of this report. However, the wider issue of Brexit has the potential to directly affect learners and college staff in different ways.

6. Legal Implications

- 6.1.** There are no specific legal implications arising from this report.

7. Resource Implications

- 7.1.** There are no immediate resource implications as a result of this paper. However, there are potential financial ramifications arising from the impact of Brexit, which cannot be determined at this stage.

8. Strategic Plan Implications

- 8.1.** Brexit may have an impact on the strategic ambitions of the Glasgow College Region. It is important that the risks associated with Brexit continue to be monitored in order that the risks can be minimised and opportunities exploited.

Colleges Scotland/Scottish Funding Council – Brexit Workshop

1. Purpose

On Wednesday 20 June 2018, Colleges Scotland and the Scottish Funding Council (SFC) held a workshop session to explore sector concerns about Brexit, to discuss scenario planning being undertaken, and to consider how the sector can best consider how to support the local, regional and national economy's needs in advance of and after Brexit.

The purpose of this paper is to summarise the feedback from the workshop, highlighting the thematic areas that emerged.

2. Discussion 1: Key Issues and Responses

In this session, participants were posed two questions, namely:

1. What are the greatest concerns in relation to the UK leaving the EU for your college?
2. What are you doing to address these issues?

The greatest concerns noted by the sector can be broadly themed into four separate but clearly interrelated areas:

- Impact on students
- Impact on staff
- Impact on college business
- Impact on the perception of Scotland as an attractive place to do business

Impact on Students

A myriad of different issues were raised which will have (or in some cases, already are having) an impact on the recruitment and experience of students.

The sector representatives acknowledge that recruitment of non-UK students may be an issue with greater immediate ramifications for the university sector, but that there has been a notable year on year reduction in international students (inclusive of all non-UK) in recent years the cause of which has been attributed to UK-wide immigration policy. It was felt that the impact on non-UK students in the college sector is not fully understood currently.

The future guidance for EU students' funding to access education in Scotland post-Brexit will have knock-on consequences for the college sector which should be carefully considered.

Student mobility – and in particular access to Erasmus+ – was praised as activity which has wide-ranging positive benefits beyond solely the educational impact. Representatives noted that many Erasmus+ participants from the college sector are leaving the country for the first time through these partnership-built opportunities. Although the social impact of this is difficult to quantify, it should not be underestimated in how it motivates and raises the aspirations of both individual cohorts and the groupings of participating students. Case studies exist within the sector to demonstrate these impacts and can be made available as required.

It was noted that significant EU funding underpins apprenticeship programmes and that it is unclear how Brexit will affect the ambitions around apprenticeship expansion and more broadly, the knock-on impact of other provision at the same level.

Impact on Staff

As with students, it was acknowledged that the college sector has a lower proportion of non-UK EU staff but it was noted that colleges in some regions had significantly higher proportions of EU staff (one college suggested c.10% of their staff are non-UK EU) although it is difficult to know exactly how accurate figures of non-UK EU staff are as there is no compulsion to record this.

It was reinforced that this was not solely teaching staff, but that experienced and knowledgeable support staff who underpin college operations are also represented within these figures. The point was made that although the college will have a general understanding of their staff team, it is vital that consideration is taken to staff members' home lives – for example, staff members who are UK citizens may have partners from the EU and it should not be assumed that the uncertainty around right to remain and freedom of movement will be of no concern to them.

Impact on College Business

It was clearly articulated that the college sector is concerned about losing out post-Brexit and not solely in financial terms. It was felt that a coordinated national approach to forward planning should be embraced between colleges, SFC, Scottish Government and businesses. It was noted during discussions that when approached, some businesses are not yet planning for Brexit as they feel they do not have adequate knowledge about what Brexit will mean to their organisation.

The loss of EU funding is obviously a concern and it was noted that in some cases, funding coming from other sources may also be affected (for example, funding from the local authority which itself originated from the EU). An example of indirect impact was given when considering subsidies to farming and fishing which, if removed, may impact on college business in providing education, training and business support to these industries.

It was highlighted that Brexit will impact on colleges differently, due to their different contexts. The specific examples mentioned were geographic differences (rural vs not) and colleges situated in areas of multiple deprivation.

Technical matters were mentioned but not discussed in great detail due to constraints around time in this workshop. These should be examined separately and could be discussed at a follow-up workshop should there be interest. Such matters included (but are not limited to):

- Procurement
- Budget
- VAT/Tax (business element)

Impact on the perception of Scotland as an attractive place to do business

The juxtaposition between Scotland's outward-looking approach and the UK Government's approach to immigration was highlighted as a particular and grievous challenge to portraying Scotland as an attractive place to do business. A specific example was provided of a college which had secured an international contract of significant value to deliver training on a niche area where the college had worldwide renown, only for this to be impossible to deliver when those coming to Scotland to attend this specific course could not secure the appropriate visa.

3. Discussion 2: The Role of Scotland's Colleges in a Post-Brexit Economy

In this session, participants were posed two questions, namely:

1. What opportunities are there in your region to support economic and skills development post-Brexit?
2. What plans (if any) are you putting in place to respond to (what are likely to be) the changing needs of employers

This section of the paper provides a summary of the feedback from participants at the workshop, which has been broadly themed into three areas but with the overarching theme that each college will experience each of these from the perspective of their own context:

- Local activity
- National activity
- International activity

Local Activity

There is likely to be significant impact on services to local communities, a specific example was offered about social care provision which currently has a significant proportion of staff from EU backgrounds. While there is no certainty around EU citizens and their right to remain in Scotland, forward planning around curriculum planning to meet labour market need is a delicate balance.

There is an opportunity to rethink college delivery to include flexible modular options and provide retraining opportunities which suit individuals already in work.

National Activity

It was felt that although the ramifications of Brexit have few positives, there are opportunities for those who stay in Scotland and the college sector is well-positioned to support the education and training needs in this regard. The workshop had an extensive discussion about online education and training (which could potentially also underpin international activity) but this would require resource and investment which for colleges as public sector bodies can be a challenge to raise.

There is a need nationally to understand changing markets, to allow college provision to flex and adapt as required to ensure that these opportunities can be grasped by Scottish businesses and individuals.

The workshop discussed the specific needs of small and medium enterprises, noting that the majority of businesses in Scotland are microbusinesses and their needs should be considered robustly, as their activity underpins the Scottish economy.

The workshop participants were clear that more planning and information is needed specifically around the financial implications of Brexit, both direct and indirect. There was a clear steer that the college sector wants to be a partner of SFC and the Scottish Government in driving Scotland's economy forward progressively and in an inclusive manner, but that some strategy and direction on a partnership basis is needed.

International Activity

As noted in the previous session, the restrictions around immigration are to the detriment of the college sector in securing international business.

Some colleges have existing transnational education partnerships but this activity is not as widespread as in the university sector. It was highlighted that developing TNE requires investment and infrastructure which, as colleges are public sector bodies, is extremely challenging to find.

4. The 'Known Unknowns'

In this session, participants were asked to reflect what information they needed for scenario and future planning, and what information they needed but didn't have.

- An accurate picture of the proportions of non-UK EU staff in the college sector does not exist. Across the sector there are significant regional variances in the proportion of EU staff. No

analysis has been conducted which takes a more holistic perspective (ie the number of UK staff with partners from the EU)

- A national picture of where EU students are studying and at what SCQF level
- A broader understanding of the interrelationships between the economies of Scotland, the UK and the EU, including a broader economic analysis which considers the role of the college sector.
- The role of the British Council and the Association of Colleges in promoting vocational education and training.
- A macro-level picture of the Scottish economy is required which includes the college sector as actors, rather than in isolation
- A skills study which identifies current and projected skills gaps

5. Other notable points

It was acknowledged that the discussion in this workshop was focused on the immediacy, on the here and now. That said, it was made clear that the college sector stands ready to respond to Scotland's economic needs now and in the future, including providing education, training and innovation support to businesses and industry as the ramifications of Brexit become clear. However, this willingness also sits alongside concern about what the future of the college sector looks like.

The lack of clarity over what Brexit will look like, how businesses are preparing and what the future education and training needs (specifically as a result of Brexit) are in Scotland all contributes to a feeling of uncertainty. Future proofing is required to ensure the right education and training is being delivered in the right place.

The impact of Brexit may have further ramifications for Scotland and therefore the college sector, including a potential second independence referendum and/or Scotland seeking membership of the EU. Should Scotland's ambition be to pursue membership of the EU as a country in its' own right, it would be smart to ensure that education and VET policies align with the direction of travel in Europe in order to underpin a successful application. The sector will need to be able to effectively react and respond to these emerging challenges post-Brexit

It was felt that the college sector in Scotland is limited in what can be done internationally due to the resource and finance required to develop platforms and partnerships. The sector was clear that the British Council's knowledge and contacts will be of great support to the sector and this should be further explored.

The Commonwealth Pledge was briefly raised as a subject to explore, particularly in the context of future funding for the sector.

Finally, frustration was expressed at the slow progress of the post-study work visa. It was highlighted that testing for this had only been rolled out to a small number of Scottish institutions, and that these were universities and not colleges.

Colleges Scotland
June 2018