

Board Meeting

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| Date of Meeting | Monday 17 June 2019 |
| Paper Title | Audit Scotland Review of Colleges 2019 |
| Agenda Item | 7 |
| Paper Number | BM4-C |
| Responsible Officer | Robin Ashton, GCRB Executive Director |
| Recommended Status | Disclosable |
| Action | For Consideration |

1. Report Purpose

- 1.1. To consider the 2019 report by Audit Scotland on Scotland's Colleges.

2. Recommendations

- 2.1. The Board is invited to **consider** and **note** the attached report; and

3. Audit Scotland Review of Scotland's Colleges, 2019

- 3.1. Members will be aware that Audit Scotland undertakes an annual overview of Scotland's Colleges. The fieldwork takes place during spring each year with the report being published in summer.
- 3.2. The published report 2019 is attached as an annex to this report and Mark McCabe, Audit Manager at Audit Scotland will provide a presentation on the report at the GCRB Board meeting
- 3.3. The report states that the financial challenges facing Scotland's college sector have increased, and that the increase in Scottish Government funding to colleges covers only the costs of making staff pay and conditions consistent across the sector. Most colleges are forecasting deficits in the next five years, as the gap between their income and expenditure continues to widen. Only a small number of these colleges were found to have identified specific actions to deal with shortfalls.
- 3.4. Despite the challenges identified, the report shows that student numbers have increased, and that the sector continues to exceed its learning activity targets. However, there is wide sector variation in measures of student success, such as numbers completing their course or getting a job.
- 3.5. Recommendations for colleges are:
- agree their underlying financial position with the SFC prior to finalising their accounts;

- improve data collection and response rates for student satisfaction and publish results; and
- use How good is our college? effectively to drive improved performance and enhance the quality of service provision.

3.6. Recommendations for colleges and regional bodies are:

- agree medium-term financial plans that set out the mitigating actions to ensure their college's financial sustainability; and
- submit agreed medium-term financial plans to the SFC along with financial forecast returns (FFRs).

4. Risk Analysis

4.1. The Audit Scotland report highlights the financial pressures facing the college sector and supports increasing likelihood of *GCRB Risk 008: Financial sustainability is jeopardised by a reduction in funding and/or an increase in costs*. The recommendations to strengthen medium term financial planning seek to mitigate this risk.

5. Equalities Implications

5.1. The report highlights that colleges are widening access to learning for disabled, ethnic minority and care-experienced students but the proportion of learning delivered provided to students from deprived areas fell slightly in 2017-18.

6. Legal Implications

6.1. There are no legal implications arising from this report.

7. Resource Implications

7.1. The Audit Scotland report highlights that whilst the underlying financial position for the college sector improved slightly in 2017-18, the gap between income and expenditure is widening.

8. Strategic Plan Implications

8.1. Effective financial and performance monitoring and planning are key components of the effective governance of GCRB and as such, contribute significantly to delivering the ambitions of the Glasgow Region Strategic Plan for College Education 2017-22.