

News release

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Colleges' financial challenges increase

Scotland's colleges need more clarity from ministers on what parts of their role to prioritise, as the sector's financial challenges mount.

Scottish Government funding for colleges reduced by £32.7 million in cash terms in 2024/25. Funding has reduced by 17 per cent in real terms since 2021/22. Cash balances held by colleges are also forecast to fall.

Colleges have used voluntary severance schemes to reduce their costs, with nearly 500 staff leaving colleges in 2022/23. Staffing makes up around 70 per cent of colleges' costs and the sector expects further cuts in coming years.

The financial challenges and staffing reduction means colleges may not be able to offer the same learning experience to students as in the past. Meanwhile, the lack of reform of the post-school sector is causing continuing uncertainty for colleges.

Stephen Boyle, Auditor General for Scotland, said:

"The college sector is facing huge challenges. But to plan effectively for the future, colleges need a much stronger steer from the Scottish Government on what parts of their role to prioritise.

"The Scottish Government also needs to respond quickly to the results of its consultations on post-school reforms to provide the college sector with more certainty."

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Notes to Editor:

1. In 2022/23, across the 14 colleges we have data for, 496 staff left colleges through voluntary severance. This means that they left an individual college rather than the college sector as whole.
2. While only 14 of 20 college accounts were available at the time of preparing this report, 11 reported deficits in 2022/23, which is already more than the eight in 2021/22.
3. In 2022/23, Scotland's colleges delivered education to 248,907 students who enrolled in 329,920 courses. These include further education qualifications, higher education qualifications and apprenticeships.

4. The sector employed 10,957 full time equivalent members of staff in 2022/23.

5. Audit Scotland has prepared this report for the Auditor General for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk

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