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5<sup>th</sup> March 2024

Dear Convener,

Further to the evidence given by the Minister for Higher Education, Further Education and Veterans to the Education, Children and Young People Committee on 10 January 2024, we are writing collectively to update you on the priorities of the Tripartite Alignment Group and what it has delivered so far.

### **Priorities**

The Tripartite Alignment Group was set up to establish a more efficient and collaborative way of tackling prescient and urgent issues for the college sector. Through early meetings of the Group, the following priorities were established:

#### **College Funding Group**

- A college funding subgroup of the Tripartite Alignment Group has been set up to bring together the expertise from across the sector, and from within the three member organisations, to identify and implement workable solutions to help colleges cope with funding pressures across the sector.
- The College Funding Group is currently working through a suite of suggestions from the sector, with all parties willing to look at options in recognition of the need to support colleges to move to a more sustainable position. It is the aim of the Group to find solutions that will empower colleges to deliver what their regions require of them while retaining their public accountability requirements and delivery of high quality learning.

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- While apprenticeship funding and the role of managing agents is being discussed in other forums, such as the Modern Apprenticeship Working Group, the Group will remain cognisant of developments in this area and consider these in relation to wider discussions on college funding.

### Asset disposals

- This is a complex area for the college sector. Depending on how and when the asset was originally funded impacts whether Ministerial consent to dispose is required, and whether, under section 18(5) of the Further and Higher Education (Scotland) Act 1992, Ministers can direct the board of management of a college to pay a portion of the proceeds of a disposal to such educational charity as Scottish Ministers may direct.
- The Group is looking at ways to support colleges to maximise use of their estates, however, changing the current £500,000 *de minimus* value would require primary legislation. The Group is therefore exploring options including discussions around assumed agreed parameters for sales under a set value (for example, contingent on a successful business case, a percentage of asset sales would be retained by a selling college and the remaining percentage would go into a sector wide pot). The Group will also seek to gain clarity on the circumstances where the assumed parameters process would apply and be utilised in order to test-run a new process.
- The Group is looking to identify options that would allow funding generated by college asset sales to be used across financial years.
- The Group recognises that digital infrastructure should be considered as appropriate for capital funding, as well as the physical estate, and work is also underway to establish the number and value of assets which may potentially be identified for disposal by the college sector.

### Cost methodology

- Unlike the university sector (which has the TRAC system), the college sector does not have a consistent method for calculating the full cost of delivery. There is considerable variation across the sector in the way that colleges calculate this cost and this makes benchmarking across the sector very difficult.
- A number of colleges are currently exploring a pilot benchmarking programme. Although in its early stages, the Group will work with those colleges to understand the benefits of this system, and its complexities in relation to costs and potential scalability across the sector.

### Delivered

- The Scottish Funding Council (SFC) has created an Unused Property Asset Register for colleges to capture their potential assets for disposal.
- The SFC has confirmed that credit flexibilities introduced in Academic Year 2023/24 (such as the 2% credit delivery tolerance) will continue in 2024/25, and these represent permanent changes to the system rather than temporary 'flexibilities'. This clarification has been beneficial to the college sector, allowing colleges to plan more effectively for subsequent academic years.

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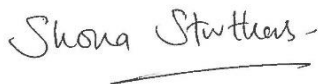
- Colleges Scotland has produced a timeline of the critical points in the year for funding decisions made by the college sector, the SFC and the Scottish Government. Understanding the interaction of these funding decisions will allow for more effective planning by all parties and will help mitigate against potential unintended consequences relating to funding decisions.
- Scottish Government has launched a webpage for the Tripartite Alignment Group on the Scottish Government website in order that the progress of the Group can be tracked by those in the sector and other interested parties. The webpage contains the minutes of previous meetings, its terms of reference, and information on the membership of the Group. Webpage link: [Colleges: Tripartite Alignment Group - gov.scot \(www.gov.scot\)](https://www.gov.scot/colleges-tripartite-alignment-group)

The Tripartite Alignment Group will be working at pace in 2024 to make progress on the priorities noted above in order to help our college sector navigate its way through this challenging financial climate. The Group will identify new priorities as issues are worked through and resolved and will keep the Committee apprised of the progress made.

Yours sincerely



**GRAEME DEY MSP**  
**Minister for Higher Education, Further Education; and Minister for Veterans**



**Shona Struthers**  
**Chief Executive Officer, Colleges Scotland**



**Karen Watt**  
**Chief Executive, Scottish Funding Council**

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