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Audit Scotland: Scotland's colleges 2026

UNISON POLICY BRIEFING

Introduction

UNISON members work in a wide variety of roles within the college and post-school education system. Colleges train the skilled workers of the future and employ today's skilled workers, within communities across Scotland. They should play a vital role in reducing inequality supporting people to train and retrain for well-paid jobs. They are anchors of public services, and key employers and community hubs. Yet, colleges have been stripped to the bone and staff have faced job losses, and continued uncertainty. This briefing summarises the findings of Audit Scotland's 2026 report on Scotland's colleges, and sets out UNISON's view on what positive reform for a truly thriving college sector should look like.

Context

This report comes as the Scottish government is rolling out its flagship public service reform strategy (PSR). This strategy has a cuts agenda and sets a target of a 0.5% reduction in the public sector workforce annually. The PSR has major implications for Scotland's colleges. Colleges train the skilled public service workers of the future and employ the skilled public service workers of today. The PSR is likely to bring both yet more cuts to the college sector, set targets for cuts across the rest of the public sector, and change the kinds of skills colleges are required to equip learners with. The Scottish government's programme for government set out what this will look like in practice in the short term, including increasing funded childcare. Yet it made no mention of increasing college capacity for colleges to train the workers needed to staff these services.

Key findings

The report found:

- There has been a 7.5% reduction in real terms funding for colleges in the last five years
- The college workforce has decreased by 13% from 2019-2026
- There has been a 21% reduction in enrolments between 2022/23 and 2024/25 - almost 40,000 fewer students were taught or trained at college in 2024/25 than in 2022/23.
- The proportion of students successfully completing courses rose in 2024/25, and a high proportion went on to positive destinations.

Finances

The report painted a stark picture of the financial health of Scotland's 19 colleges, which reported a £5.6m deficit in 2024/25. The Scottish government increased net resource funding for colleges by over nine per cent in 2026/27, but funding has decreased by over seven per cent in real terms over five years. The report found it is uncertain is funding is sufficient for colleges to deliver the level of reform that is expected of the sector.

KEY POINTS:

- **Scotland's colleges are facing a financial crisis**
- **There has been a 7.5% reduction in real terms funding for colleges in the last five years**
- **The college workforce has decreased by 13% from 2019-2026**
- **There was a 21% reduction in college enrolments between 2022/23 and 2024/25**

bargaining & campaigns team

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Generating income

The report set out that the Scottish government expects colleges to generate additional income. While colleges can generate income commercially, most commonly through activity like private training for companies, and hair and beauty and catering provision, their ability to do so is limited.

Colleges are, rightly, bound by fair work first principles. Private companies are not, which means it is difficult for colleges to compete with them for contracts. The report takes the example of a contract to deliver learning and development within the Scottish Prison Service. Forth Valley College bid for the contract but lost out "because it could not compete with the successful bidder on cost. This was despite technical and quality aspects of the college's bid being described as 'excellent'."

Efforts to generate income also risk diverting colleges away from their core purpose: meeting the needs of students, employers, and their local communities. Colleges must also remain affordable to their local communities.

Reforms

There are mutltiple projects underway to reform the sector, and the report found that progress has been slow. One of the most significant of these is the college sector of the future workstream (CSotF) sits alongside other programmes of reform, and aims to ensure the sector is "more equitable, sustainable, and maintains colleges' role in communities and the delivery of skills for regional economies."

UNISON, along with other unions, wrote to the minister outlining concerns about this project. The letter outlined serious concerns about the validity of the evidence base gathered under pillar one of the workstream. Unions are now being asked to participate in pillar 2 of the programme without having any involvement or oversight of pillar 1, including its outcomes. No union places have been afforded on the coordination group – effectively the workstream's steering group.

Recommendations

The report did not make any new recommendations. Instead, it said the recommendations Audit Scotland made in 2025 still stand. It found that limited progress had been made on these recommendations, and that clearer leadership is needed. Its recommendations included for the Scottish government to publish clear guidance on its expectations of colleges in relation to public sector reform. The Scottish government said guidance on these expectations will be informed by the outcomes of the CSoTF workstream. It also recommended that an analysis of the economic impact of reducing funding to colleges is produced, and a plan developed to gather views of staff and students on reform, and to develop a mechanism for measuring unmet demand from students and employers. Several of these recommendations were overdue.

UNISON approach

Reform of colleges so that they meet the needs of learners, and of Scotland's economy, just transition, and public services, is welcome. But reform must not be a byword for cuts. Reform must mean improvement. Improving colleges should be done in line with UNISON's values for public services - democracy, partnership, fairness, investment and excellence. Improvement should be made with staff and learners, not to them. This is not the spirit in which recent reforms, including the colleges of the future workstream, have been carried out. The report's recommendations are welcome – particularly those to properly assess unmet need, the economic impact of cuts to college funding and meaningful engagement with staff. But the report stops short of calling for increased funding to the sector. Genuine improvement to colleges and for their staff and learners cannot be made without proper funding.

Action for branches

- Encourage your colleagues to join UNISON – there has never been a more important time to be a member

Additional reading

- **Audit Scotland: Scotland's colleges 2026**
- **Colleges Scotland: key college facts**
- **UNISON Scotland briefing: Post-school education and skills reform: Audit Scotland report**
- **UNISON Scotland briefing: Public service reform update**

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