



Scottish Funding Council
Promoting further and higher education

Student Support Review Group

Final Report

November 2014

Foreword

The Scottish education system is one to be proud of; a system free at the point of use for both further and higher education, and a system which allows access for students from the most disadvantaged backgrounds and social groups is an impressive one.

In further education, the system existed to be as flexible as possible to suit local needs, however, after a process of regionalisation during which colleges become geographical regions it became increasingly apparent that the experiences of students and their access and experience to funding support was also becoming geographical.

As President, and a founding Vice President of Edinburgh College Students' Association, I had experienced how this had impacted students on the ground and called on the Scottish Government to consider a review of student support in Further Education, with a particular emphasis on access to childcare support.

The review group was set up with representation from colleges, the Scottish Funding Council and external representation from Child Poverty Action Group. In a bold move, the group decided that to achieve the objectives required that a student chair would provide the best perspective.

As chair of this review I also sought the views of students across Scotland, with considerable input from students, Student Representatives and Students' Associations. I would like to thank them immensely for their contribution, particularly the input from College Students' Associations, and commend the passion and enthusiasm they have for making positive change for their students.

I would like to thank the review group for working immensely hard on this project, and for the support of the Scottish Funding Council and the Scottish Government.

Kelly Parry
Students' Association, Edinburgh College
Chair of the Student Support Review Group

Introduction

1. This report sets out recommendations on the following elements of Student Support Funding for students in further education:
 - Bursary
 - Childcare
 - Implications of ONS changes
 - Implications of funding method changes
2. The Student Support Review Group was set up in August 2014. Its remit and membership is attached as Annex A. Its objectives were to better match the allocation of student support funds to student demand, making a system that is fairer and more equitable. The Group has:
 - reviewed the way student support (bursary, childcare and discretionary) funds are allocated and distributed to college regions
 - considered the timing of funding allocations and recovery of unspent funds
 - considered the impact of the planned changes in teaching funding on student finance
3. Another key objective of the Group has been to make best use of the available resources for student support. In the context of the budget limited system which SFC operates, this has meant that the Group has at times had to consider opposing principles. For example, whether to focus available funding on supporting the highest possible number of students or providing a larger sum of money to a smaller volume of students. Where possible, the Group has sought to balance these opposing principles and the recommendations in this report reflect that. There are some changes that the Group has recommended which will require additional resource and the Group has asked SFC to pursue this separately with Scottish Government.

Issues considered

4. At present, student support funds (bursary, childcare, additional support needs for learning and discretionary) are allocated to colleges in advance of the academic year. The amount allocated is a fixed budget, largely based on historical patterns of actual spend by colleges. Colleges allocate funds from this fixed budget to students, taking account of SFC's guidance on bursary, childcare and discretionary funds. In order to better align actual demand with the initial allocation, SFC operates an in-year redistribution process. The process recovers funds from previous years and allows colleges to release funds in-year which can be re-allocated to colleges that are experiencing higher demand.

5. Taking into account the re-organisation of colleges into college regions, the Group reviewed whether or not the distribution of student support funds across the sector is still fit for purpose. It also looked at alternative options to the current budget limited system.
6. The current system allows for some local flexibility in applying SFC's guidance. The Group also reviewed this guidance, particularly in relation to childcare funds to ensure fair access to funds across all regions.
7. The inclusion of colleges within the scope of public sector budgeting control should mean that student support expenditure is more closely monitored in-year. However, previously colleges have been able to use their cash reserves to supplement their student support funds, if the initial allocation and in-year redistribution from SFC did not meet demand. Colleges cannot carry cash reserves between years under the new budget arrangements. The Group therefore reviewed the process and timing of the recovery of unspent funds in-year in order to re-allocate funds to colleges with high demand.
8. SFC is introducing a simplified funding system from 2015-16 and is engaged in a parallel running exercise with three regions in 2014-15. In developing its recommendations the Group has been mindful of the changes to the funding system (simplification of the funding method and move to credit measurement system) and has considered how the changes could potentially impact on student finance.

Summary of recommendations

9. The Student Support review group recommendations are set out below. We have grouped them according to who the action relates to for ease of reference.

Recommendations for SFC

1. FESSAG should review the Bursary guidance on the use of funds to ensure greater clarity and consistency where possible, with the aims of standardising practice where possible and ensuring the parity of student experience across Scotland.
2. The practice of variance should cease and that all students should receive 100% of their calculated bursary award.
3. EMA funding, rather than bursary funding, should be allocated to all eligible 18 year old students living at home.

Recommendations for SFC (continued)

4. Income bands for calculating bursary should be brought into line with those used by SAAS. SFC should do further work to cost this proposal and to make an assessment of any financial impact of introducing it.
5. The method described in paragraphs 28 to 32 should be used to calculate initial allocations of Childcare Funding, if its preferred option of an entitlement based system is not affordable.
6. Information on available Bursary and Childcare funding should be made clearer to prospective students. Ideally this should be available online pre-application. SFC should work with colleges through FEESAG to develop standard information and make it available online.
7. The guidance on childcare should be changed to include the following conditions:
 - Colleges should provide Childcare funding during short holidays
 - Colleges should provide Childcare funding for student placements
 - Colleges should allocate Childcare funding for periods where students have to care for school-aged children when school holidays do not coincide with the college academic calendar, or waive the attendance requirements for those particular periods.
 - Colleges should provide Childcare funding for periods of self-directed study, up to the maximum of the notional learning hours for the course that the student is undertaking.
8. FEESAG should investigate the introduction of an attendance policy for both Bursary and Childcare which requires student attendance of 100%, but permits authorised absence and self-certificated absence. The policy should also allow for rational flexibilities to be negotiated between the college and the student, particularly where the student has been absent because their child is ill or has an appointment.
9. Where there are delays in processing student awards, Colleges should consider providing “hardship” type upfront payments of Bursary and Childcare funding, particularly where this is required by childcare providers.
10. FEESAG should work with colleges to devise a template letter that can be issued to students by all colleges, stating students’ status as part-time or full-time, the number of hours studied per week and the duration of the course of study. Students can use these letters when dealing with external contacts (for example benefits agencies and council tax offices).

Recommendations for SFC (continued)

11. SFC should write to colleges to set out its proposed procedures for managing student support funds in the context of ONS.
10.
12. The SUMs Guidance should be modified to reflect that, in deciding whether courses are classified as full-time or part-time and the associated learning hours, colleges should take into account the rules on benefits and council tax eligibility.

Recommendations for Scottish Government

1. The view of the Group is that the introduction of entitlement-based Bursary and Childcare funding systems would be the best way of ensuring parity of treatment for students in different regions whilst at the same time meeting demand. SFC should explore the feasibility of introducing an entitlement-based system with Scottish Government.
2. SFC should carry out further work to calculate the cost of meeting the recommendations set out in this report. The final costings should be shared with Scottish Government and used as the basis for discussing the changes to student support funding.
3. SFC should highlight to Scottish Government the funding pressure created by the introduction of ONS in the context of the discussion of the overall level of funding for student support.

Part 1: Bursary Funding

Information considered

11. The Student Support Review Group considered the following sources of information regarding Bursary funding:

- A summary of the current Bursary funding system.
- A consultation undertaken with student representatives on the student perspective on Bursary funding.
- Discussions with SAAS on the HE model of student support.
- Data on historic allocations of Bursary funding and the demographic profile and characteristics of students receiving Bursary funding.

Issues relating to Bursary funding and policies

12. The Group identified the following issues relating to Bursary funding:

- a) **FE students are not entitled to student funding** in the same way that HE students are. However, it was noted that the primary means of support for HE students is through loans and that the numbers of eligible students are capped.
- b) The data suggests that the rules relating to different elements of Bursary funding are not being applied in the same way by all colleges. In many cases there may be good reason why rates of spend are different at different colleges, for example colleges offering more equipment-intensive subjects would be expected to have higher study costs. However, there is also evidence that **some elements of Bursary funds are not being used consistently** by all colleges, for example:
 - **Study costs** – Some colleges use Study Costs to supply students with textbooks, whereas other colleges would meet the cost of textbooks from their core funding.
 - **Travel costs** – Some colleges use Travel Costs to run buses, whereas other colleges would pay for this from core funding.
 - **ASN for Learning** – Some colleges may be using funding from ASN for Learning for activity that could be covered by ELS, DPG18 or in personal care packages provided by other agencies.
 - **Discretionary Fund** – There is evidence to suggest that Discretionary funds are being used to support other elements of student funding, particularly Childcare, rather than acting as an emergency hardship fund. This could be an indicator that the overall funding is insufficient or that the allocation method to the different elements is not working effectively.

- c) Current bursary funding rules allow '**variance**', where a student's full bursary award can be scaled back by 20% to allow more students to be given an award. This has been flagged by student groups as being the key example of unequal practice within the system.
- d) Some colleges allocate bursary funding, rather than **EMA funding to 18 year old students**. This has been flagged by student groups as being an area of unequal practice.
- e) The use of **different income bands** for determining the expected contribution from parents, partners and the student when calculating bursary awards. The bands currently used do not align with those used by SAAS.
- f) Colleges have different policies on **student absence**, including where the student is absent because a child is sick or has a medical appointment, and this can result in Bursary funding being withdrawn if the student does not meet the relevant criteria set by the college.
- g) Administrative problems and long processing times can lead to **delays in getting initial payments to students**. This leaves students with no money at the start of their course.
- h) Often students are unclear if they will be awarded bursary funding and how much the award will be until after their course has started. Because individual student circumstances can be complex, it is not always possible to determine how much an award will be prior to application. However, some colleges provide detailed **information pre-application** and upon acceptance to give students some guidance regarding how much they might expect to receive, but this is not standard practice across the sector.

Group's analysis of the issues

13. The Group agreed the following principles should apply to bursary funding:
 - The different elements of bursary funding should be operated consistently by colleges where possible.
 - The FE student support should be aligned with the HE system operated by SAAS where possible.
 - Where possible, individual students should not be financially disadvantaged as a result of changes.
14. At present student choice is being influenced to some extent by the availability of student support and this should not be a driver.
15. The Group's analysis of the issues is detailed below.

Entitlement system

16. The Group's first preference is for the FE student support system to be entitlement-based. This would bring parity with the HE system. However, the Group noted that the main HE entitlement is to fees and the primary means of student support is entitlement to loans. In addition, student numbers are capped for a substantial element of the HE system to ensure that the funds are not over-subscribed. The Group also noted the CPAG advice that a move to an entitlement-based system may not be to the advantage of students because an entitlement to bursary funding would count as income for means tested benefits, such as Housing Benefit. The Group was of the view that, in the current funding climate, a move to an entitlement based system was unlikely. However, **the Group recommended that SFC should explore further the feasibility of introducing an entitlement-based system with Scottish Government. If this cannot be achieved then a commitment to higher funding from Scottish Government would be desirable, in order to meet demand where possible and address some of the areas of inconsistency (identified below) to make the student support system more equitable.**

Inconsistency in the use of funds

17. The Group agreed that the data suggested that there is some variance in practice across colleges relating to their use of study, travel, ASN and discretionary funds. The Group agreed that the bursary fund should continue to operate these different funding streams as it is important to ensure that funding for these elements is maintained. It is also helpful to students from a benefits perspective if funding for specific purposes is differentiated from funding for living costs. It was noted that the different approaches taken by colleges reflects that they have to juggle the different student support funding streams to meet the different demands on their institutions. Whilst the merger process will help standardise practice within regions, there is still the potential for significant variance at the national level. **The Group recommended that FESSAG should review the Bursary guidance on the use of funds to ensure greater clarity and consistency where possible, with the aim of standardising practice where possible and ensuring parity of student experience across Scotland.** Group also agreed that it was desirable to continue to operate a discretionary fund as there will always be a need for emergency hardship funds. The Group expressed the view that clearer guidelines on how the Discretionary Fund and the other elements of the bursary funds should be used would help ensure that the Discretionary element of the fund was not being used for mainstream activities.

Variance

18. At present colleges can vary students' bursary awards, and scale back the amount given to students by as much as 20%. **The Group recommended that**

the practice of variance should cease and that all students should receive 100% of their calculated award. However, this will need to be fully costed and should only be implemented if the money can be found to meet the cost of making this change. Otherwise, this would impact on colleges' ability to meet their student number targets.

19. If there are no additional funds then SFC should investigate other ways of making the most effective use of these funds, for example, adjusting the income thresholds to ensure that funds are concentrated on those most in need.

EMA funding for 18 year old students

20. The Group considered issues around student support for 18 year old students. The Group did some analysis of the income available (Child Benefit and, in some circumstances, Child Tax Credits and Working Tax Credits) to parents of students aged 18 who were living at home and agreed that, while eligible students' households were able to receive these benefits then there was not a case for these students receiving the higher level bursary award. **The Group agreed that EMA, and not bursary, should be paid to eligible 18 year old students who were living at home with their parents** and that the guidance should state that this practice should be applied by all colleges. Students aged 18 and under who are living away from home should be eligible for bursary funding. **The Group also recommended that SFC should liaise with Scottish Government to ensure that this approach is consistent with their guidelines on EMA funding.**

Income bands

21. The Group agreed that standardised income bands should be adopted for determining the expected contribution from parents, partners and the student when calculating bursary awards. These should be aligned with the income bands used by SAAS. **The Group recommended that SFC should do further work to cost this proposal and to make an assessment of any financial impact of introducing it.**

Attendance Policy

22. The Group agreed in principle that 100% attendance within a system that allowed for students to self-certify absence would be desirable, as this would best prepare students for the workplace. However, the Group was aware that this could prove difficult for colleges to operate and that FESSAG was cautious about the adoption of this policy on the basis that it could place greater administrative burden on student support offices. **The Group recommended that an attendance policy which requires student attendance of 100%, but permits authorised absence and self-certificated absence. The policy should also allow for rational flexibilities to be negotiated between the college and**

the student, particularly where the student has been absent because their child is ill or has an appointment. FESSAG should work with colleges that currently operate this type of attendance system to observe how it can work in practice.

Information on Bursary funding

23. The group agreed that it would be desirable to provide improved public information on the availability of Bursary Funding. Providing students with early, consistent and realistic information gives them the opportunity to assess if education is appropriate for them, which could potentially improve student retention. **The Group recommended that information on available Bursary funding should be made clearer to prospective students. Ideally this should be available online pre-application. SFC should work with colleges through FEESAG to develop standard information and make it available online.**

Timing of payments

24. The Group agreed that where possible colleges should process student applications as quickly as possible so that students have financial help in place at the start of their courses. However, it was acknowledged that high demand levels at peak times of the year make it difficult to achieve this for all students. It was also recognised that some delays in making awards are due to reasons outwith colleges' control, for example, where students do not apply for support within the standard timescales or where the student is unable to supply the necessary evidence to confirm their eligibility. **The Group recommended that Colleges should consider providing "hardship" type upfront payments of Bursary funding.**

Costing

25. The Group recommended that further work should be done to cost the proposals outlined in this paper. In doing this, SFC should take into account not just past spend patterns, but also projections for the future (eg balance of FE/HE activity, changes to the curriculum and increased social inclusion). **The Group recommended that the final costings are shared with Scottish Government and used as the basis for discussing the changes to student support funding.**

Part 2: Childcare Funding

Information considered

26. The Student Support Review Group considered the following sources of information regarding Childcare funding:

- A summary of the current Childcare funding system.
- A consultation undertaken with student representatives on the student perspective on Childcare funding.
- Consultation with the Scottish Child Minder Association on their perspective on working with college students.
- Data on historic allocations of Childcare funding and the demographic profile and characteristics of students receiving Childcare funding.

Issues relating to Childcare funding and policies

27. The Group identified the following issues relating to Childcare funding:

- a) Initial allocations of Childcare funding to colleges are based on **historical allocations**. Even with an in-year distribution process, this system perpetuates historical imbalances in the system, as the significant discretionary elements give colleges that have historically had large allocations the ability to be more generous.
- b) **Short holidays** are covered by some colleges but not all. However, in most cases students have to pay their childcare providers over the short holidays.
- c) The college academic calendar is not always aligned with the **school holidays**. This is particularly true of multi region colleges. Students whose children normally attend school cannot always access childcare funds to cover these holidays and, if they take time off to look after their children, they can be penalised for non-attendance by some colleges.
- d) Colleges have different policies on **student absence**, including where the student is absent because a child is sick or has a medical appointment, and this can result in Childcare funding being withdrawn if the student does not meet the relevant criteria set by the college.
- e) Most colleges **pay Childcare funds to the student**, but some pay direct to the Childcare provider. The Scottish Childminding Association have identified a number of cases where childcare providers are not being paid the agreed amount by students and have expressed a preference that Childcare funds should be paid through a voucher scheme so that they can only be used for Childcare.

- f) Some Colleges **cap the amount** of Childcare funding an individual student can claim, others do not.
- g) Some Colleges **cap the number of children** they will support for each individual student, others do not.
- h) Some Colleges pay Childcare funding for periods when students are on **placements**, others do not.
- i) Some colleges pay for Childcare for **class contact time only**, whilst others pay for periods of self-directed study too.
- j) Many childcare providers require **up-front payments** and this can present a significant challenge to students, particularly those who have been previously economically inactive. This problem has been exacerbated by delays in assessing students and calculating awards, which has been a particular problem in the last few years as colleges undergoing merger have introduced new procedures and IT systems.
- k) Some colleges provide detailed **information pre-application** and upon acceptance, but this is not reflective across the sector. Often students are unclear if they will be awarded a childcare award and how much the award will be until after their course has started. Clearer pre-application information would also be helpful to childcare providers.

Group's analysis of the issues

28. The Group's analysis of the above issues is summarised below.

Initial Allocations

29. The Group is of the opinion that its first preference would be for the FE student support system to be entitlement-based. This would make childcare funding completely equitable and eliminate historical imbalances. It would also bring parity with the HE system. However, the Group noted that there are some drawbacks to an entitlement based system. Notably, the main HE entitlement is to fees and student loans as the primary means of student support. In addition, student numbers are capped for a substantial element of the HE system to ensure that the funds are not over-subscribed. The Group also noted the CPAG advice that a move to an entitlement-based system may not be to the advantage of all students because an entitlement to bursary funding would count as income for means tested benefits, such as Housing Benefit. The Group was of the view that, in the current funding climate, a move to an entitlement based system was unlikely. **The Group recommended that SFC should explore further the feasibility of introducing an entitlement-based Childcare funding system with Scottish Government. If this cannot be achieved then a**

commitment to higher funding from Scottish Government would be desirable, in order to make the student support system more equitable and to meet demand where possible.

30. The group agreed that it was a priority to bring initial allocations of Childcare funding in line with actual spend by colleges. This applies whether an entitlement system is introduced or not. The Group agreed that a new method should be introduced to calculate initial allocations. The Group considered the following alternative method for calculating initial allocations:
- Initial allocations to colleges should be based on the average number of students receiving childcare support in that region in the previous 3 years.
 - The average amount received for each student across that period should also be calculated, to arrive at an average award for each FTE student.
 - This average should then be applied to the projected student profile for the coming year (this may involve consultation with colleges on projected changes to the student profile as a result of overall growth in numbers or change to the curriculum) to arrive at the allocation for each college.
31. Using the above method gives a median amount per student of about £3,000, based on current prices (this is per FT student across a full year). A table illustrating how the revised allocation method compares to the actual funding allocated (based on the most recent data) is included at Annex B. Based on historical allocations of Childcare funding, the Group has observed that this method brings the initial allocations close to the final audited amount spent on Childcare by each college. Whilst this method will not completely offset the historical imbalances in the system, it will partly address this problem.
32. The Group recommended that the median amount of £3,000 is used as a maximum national rate and the initial allocation for each institution should be calculated on this basis. There will be no limit to the number of children that can be supported for each student. Based on current data, the norm is that this will mean that 1 or 2 children will be supported each year per student. Unless funding for an entitlement based system can be secured, the childcare fund will continue to be cash-limited, as with the present system. Therefore, colleges will need to manage payments to individual students from within their overall allocation.
33. It should be noted that the lone parent entitlement of up to £1,215 pa would continue to be paid as a separate amount to eligible students.
34. **The Group recommended that the method described above is used to calculate initial allocations of Childcare funding, if its preferred option of an entitlement based system is not affordable.**

Guidance

35. There are a number of ways in which the Group considered that the guidance on Childcare could be more specific to ensure that differences in practice between colleges and regions are minimised. This will help to ensure there is equity in available support to students across college regions. It should also help to make clearer to the student at the pre-application stage and to childcare providers what support is available.
36. **The Group recommended that the Childcare Funding Guidance is changed to include the conditions set out below:**
- Colleges should provide Childcare funding during short holidays
 - Colleges should provide Childcare funding for student placements
 - Colleges should allocate Childcare funding for periods where students have to care for school-aged children when school holidays do not coincide with the college academic calendar, or waive the attendance requirements for those particular periods.
 - Colleges should provide Childcare funding for periods of self-directed study, up to the maximum of the notional learning hours for the course that the student is undertaking.
 - For the calculation of Childcare funding, student attendance policies should be 100%. However, authorised absence and self-certificated absence should be accepted and rational flexibilities should be negotiated between the college and the student, particularly where the student has been absent because their child is ill or has an appointment.

Information on Childcare funding

37. The group also agreed that it would be desirable to provide improved public information on the availability of Childcare Funding. Providing students with early, consistent and realistic information gives them the opportunity to assess if education is accessible for them, and allows colleges to plan financially and logistically. This will also enable childcare providers to better understand the college Childcare funding system and what they can expect to receive from students. **The Group therefore recommended that information on available Childcare funding should be made clearer to prospective students. Ideally this should be available online pre-application. SFC should work with colleges through FEESAG to develop standard information and make it available online.**

Timing of payments

38. The Group agreed that where possible colleges should process student applications as quickly as possible so that students have financial help in place at the start of their courses. However, it was acknowledged that high demand levels

at peak times of the year make it difficult to achieve this for all students. It was also recognised that some delays in making awards are due to reasons outwith colleges' control, for example, where students do not apply for support within the standard timescales or where the student is unable to supply the necessary evidence to confirm their eligibility. **The Group recommended that Colleges should consider providing "hardship" type upfront payments of Childcare Funding, particularly where this is required by childcare providers.**

Cost implications

39. The Group recommended that further work should be done to cost the proposals outlined in this paper. In doing this, SFC should take into account not just past spend patterns, but also projections for the future (eg balance of FE/HE activity, changes to the curriculum and increased social inclusion). **The Group recommended that the final costings are shared with Scottish Government and used as the basis for discussing the changes to student support funding.**

Part 3: Implications of ONS changes

Background

40. The UK Office of National Statistics has reclassified all incorporated colleges as central government entities for the purposes of accounting and budgeting. This has a direct impact on the way in which the Scottish Funding Council (SFC) is able to fund these colleges and in particular the system of paying grants on the basis of a profile announced in advance is no longer possible.

Impact of ONS on student support

41. The Group noted the following issues as the main impact of ONS reclassification for student support:

- Student support funds allocated to colleges need to be spent by the college within the year they are allocated and cannot be carried over between years. Funds which remain unspent at the end of the year will be lost by the college.
- Student support funds can no longer be paid by SFC to a college in advance of need, which means that funds can no longer be paid out on a standard profile.
- Colleges will be allocated an annual AY budget and must then claim their required funding on a monthly basis, up to the allocated budget. To avoid funds being lost colleges will need to ensure that their monthly claims are as accurate as possible.
- Funding which colleges have received from SFC for the purpose of student support cannot be paid out to an Arm's Length Foundation as this would breach the conditions of grant.
- Initially, colleges were asked to work to an accounting year on an FY basis, but it was announced in September 2014 that the college accounting year will be based on the AY.

In year redistribution of student support funds

42. The Group noted that, in previous years, SFC has recovered any unspent student support funds from colleges and redistributed these funds to colleges that have a requirement for additional funds. The Group noted the following:

- Under the ONS rules, it is still possible for SFC to carry out an in year redistribution of student support budgets between colleges.
- Under the ONS system it should not be required for SFC to recover funds from any colleges, as they should not have been drawn down in advance of need. Instead SFC will adjust the available student support budget of those

colleges with less need and increase the budget of those colleges which have a requirement for additional funds.

- An in year redistribution will take place each Autumn, following the August intakes. It will also be possible to have a second in year redistribution after the January intakes if required, although it is not anticipated that this will be normally be necessary.

43. The Group further noted that, as the sector has transitioned to the ONS changes, SFC has had to take interim steps to ensure that student support funding was not lost. Specifically, in 2013-14 funds held by colleges at the end of the FY (end of March 2014) would have been frozen and could not be used in the next FY. To protect this money, SFC recovered the unspent funds, then reallocated them to the colleges in April 2014 to allow them to be spent in FY 2014-15. The Group noted that this was a one-off exercise which was required as part of the transition to ONS. The move to an AY accounting year will mean that this FY reallocation will not need to take place in future.

44. The Group agreed that, whilst the transition to ONS has resulted in some changes to normal practice in the management of student support funds, in the longer term it should be possible to manage student support funds within the context of ONS. **The Group recommended that SFC should write to colleges to set out its proposed procedures for managing student support funds in the context of ONS.**

Wider context of ONS

45. The Group noted that, because colleges are unable to hold cash reserves between accounting years under ONS rules, they have less scope to top-up student support funding from their reserves, as they have done in the past. **The Group recommended that this should be flagged to Scottish Government as an additional funding pressure when SFC is discussing the overall funding for student support.**

Part 4: Implications of changes to funding method on student support

46. The Group has examined the rules relating to student eligibility for benefits and council tax, specifically:

- Benefits for full-time students (these are very limited)
- Benefits for part-time students (few restrictions, although the student has to be able to demonstrate they are looking for work if receiving Job Seekers Allowance)
- Benefits for students' wider household (if a student is defined as part-time, this can impact on, for example, their parents' housing benefit and council tax exemption)
- The way in which the benefits agencies define full-time study (For under 19s: more than 12 hours per week of classes and supervised study. For those aged 19 and over: more than 16 hours per week of classes *or* more than 21 hours per week of classes and structured study.)
- The way in which Local Authorities define full-time study for council tax purposes (21 or more hours of study per week)

47. The group noted that the introduction of the Universal Credit system may mean that there is a change to the definition of full-time study for students over 19. Inverness is the only area of Scotland where Universal Credits are being trialled at present and there is only one student enrolled at Inverness College who is receiving Universal Credits. This has not posed a problem at present, but it is an issue that will need further monitoring as the system is rolled out.

48. The Group noted that where students cannot demonstrate that they meet the required weekly hours of study to be classified as full-time, then they may be classified as part-time. This would widen their eligibility for benefits but decrease their eligibility for bursary support and could also mean that they lose their automatic entitlement to fee waiver. The group also noted if a student in this position has family who are receiving benefits, there could be an adverse impact on the wider family, as the family's eligibility for benefits could reduce.

49. The Group has noted that some local authorities have questioned colleges' categorisation of courses as full-time. This is generally not a problem for HE institutions, which provide a standardised letter indicating that a course is full-time. **The Group recommended that FESSAG should work with colleges to devise a template letter that can be issued to students by all colleges, stating students' status as part-time or full-time, the number of hours studied per week and the duration of the course of study. Students can use these letters when dealing with external contacts (for example benefits agencies and council tax offices).**

50. The Group noted that, under the new funding method, SFC will measure activity for funding purposes in credits. Each FTE is made up of 15 credits and each credit

carries a *notional* value of 40 hours of study, giving an annual total of 600 hours of *notional* study for a full-time course.

51. It is not the intention of the College Funding Group that a technical change to the measurement system should result in an increase in the number of students classified as part-time. The Group agreed that:

- College decisions on whether courses are classified as full-time or part-time should be made on an academic basis.
- The 15 credit FTE is the unit of measurement for funding purposes. Although SFC's measurement definition of 1FTE can be related to *notional* learning hours, the actual hours of learning undertaken by students should be specified by the college on the basis of the college's academic classification of the course as full-time or part-time and not determined by the SFC funding measurement system.
- In deciding whether courses are classified as full-time or part-time and the associated learning hours, colleges should take into account the rules on benefits eligibility.

52. The Group recommended that the SUMs Guidance should be modified to reflect that, in deciding whether courses are classified as full-time or part-time and the associated learning hours, colleges should take into account the rules on benefits and council tax eligibility the following guidance is given to colleges.

53. The Group noted that this is in line with the approach taken by universities.

Student Support Review Group Remit and Membership

Project Remit: Review of Student Support Funding in Colleges

Purpose

- To review the way student support (bursary, childcare and discretionary) funds are allocated and distributed to college regions
- To consider the timing of funding allocations and recovery of unspent funds
- To consider the impact of the planned changes in teaching funding on student finance

Key Outcomes

The key outcomes from the project are:

- A revised regional allocation and distribution method for student support funds.
- Agree the timing of the initial allocation recovery of unspent funds and in-year redistribution.
- A report on the implications of planned changes in teaching funding on student finance.

Background

Student support funds are allocated to colleges in advance of the academic year. The amount allocated is a fixed budget, largely based on historical patterns of actual spend by colleges. Colleges allocate funds from this fixed budget to students, taking account of SFC's guidance on bursary, childcare and discretionary funds. In order to better align actual demand with the initial allocation, SFC operates an in-year redistribution process. The process recovers funds from previous years and allows colleges to release funds in-year which can be re-allocated to colleges that are experiencing higher demand.

Rationale

Given the re-organisation of colleges into college regions, we need to review whether or not the distribution of student support (bursary, childcare and discretionary) funds across the sector is still fit for purpose. We should also look at alternative options to the current budget limited system.

The current system allows for some local flexibility in applying SFC's guidance. We need to review the guidance, particularly in relation to childcare funds to ensure fair access to funds across all regions.

The inclusion of colleges within the scope of public sector budgeting control should mean that student support expenditure is more closely monitored in-year. However, previously colleges have been able to use their reserves to add to their student support funds, if the initial allocation and in-year redistribution from SFC did not meet demand. This will not be possible under the new budget arrangements. We need to review the process and timing of the recovery of unspent funds in-year in order to re-allocate funds to colleges with high demand.

SFC is introducing a simplified funding system from 2015-16. We are currently engaged in a parallel running exercise with three regions in 2014-15. We need to assess the impact of the new system on student finance.

Project Objectives

The overall objective of the project is to better match the allocation of student support funds to student demand. To achieve this objective, the project will:

- Define a preferred method of allocating student support funds to college regions
- Set dates for initial budget allocation of student support funds and recovery of unspent funds and in-year redistribution
- Report on the impact of the proposed changes in teaching funding student eligibility for SFC funds and wider implication (e.g. entitlement to other welfare benefits or Council tax exceptions)

Project Outcome

The desired project outcomes are:

- A report on options considered and recommendations on a preferred method of allocating student support funds (bursary, childcare and discretionary funds) to college regions
- Revised dates for initial and final allocation and recovery of funds which can be fully implemented within the college public sector budgeting control
- A report that sets out the impact on student finance of the planned changes to teaching funding to ensure that there are no unintended consequences for students by introducing the new system

Project Organisation

The project is being set up to advise the SFC executive. The group will consult with the college funding group prior to making final recommendations to SFC.

Group members

Kelly Parry (Edinburgh College Students Association) (Chair)

Mandy Exley (Principal Edinburgh College)

Brian Hughes (Glasgow Clyde College)

Marion Erne (Dumfries and Galloway College)

Angela Toal (Child Poverty Action Group)

Martin Smith (SFC)

Gordon McBride (SFC)

Sarah Kirkpatrick (SFC)

Annex B

Childcare Funding

The table below illustrates how the Childcare funding calculated using the revised allocation method compares to the actual funding allocated (based on the most recent data).

Table 1: Childcare Funding

	2012-13 Students receiving childcare	Initial allocation	Final funding (incl IYR)	Audited childcare expenditure	Allocation based on £3,003 historical mean
Aberdeen and Aberdeenshire	237	£946,469	£1,005,120	£652,811	£711,711
Ayrshire and West	853	£2,509,908	£2,642,747	£2,567,691	£2,561,559
Borders	45	£148,874	£149,477	£106,683	£135,135
Dumfries and Galloway	76	£193,058	£214,863	£219,415	£228,228
Edinburgh and Lothians	494	£1,267,610	£1,838,968	£1,484,206	£1,483,482
Fife and Elmwood	377	£1,079,199	£1,146,925	£1,190,028	£1,132,131
SRUC	3	£110,302	£110,302	£5,162	£9,009
Central	194	£580,849	£582,469	£493,325	£582,582
Glasgow	1,026	£3,087,284	£3,171,896	£3,236,336	£3,081,078
Highlands and Islands	331	£1,183,111	£1,402,918	£1,028,652	£993,993
Lanarkshire	524	£1,343,839	£1,533,319	£1,863,933	£1,573,572
Newbattle	0	£0	£0	£0	£0
Sabhal Mòr Ostaig	0	£18,139	£18,139	£0	£0
Tayside	329	£942,607	£1,092,003	£957,546	£987,987
West Lothian	133	£280,268	£338,846	£339,671	£399,399
	4,622	£13,691,517	£15,247,992	£14,145,459	£13,879,866

Note: As we are working with data returns prior to regionalisation we cannot provide childcare expenditure splits for James Watt and Elmwood Colleges. The total expenditure for James Watt, Ayrshire and West colleges was £2.57m and our revised allocation totals £2.56m