



Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

SFC Announcement

Reference: SFC/AN/12/2023

Issue date: 25/05/2023

COLLEGE FINAL FUNDING ALLOCATIONS AY 2023-24



College Final Funding Allocations AY 2023-24

Issue Date:	25 May 2023
Reference:	SFC/AN/12/2023
Summary:	Announcement of final funding allocations for colleges in Academic Year 2023-24
FAO:	Principals, Chairs, Finance Directors and Board Secretaries of Scotland's colleges
Further Information:	CONTACT: Richard Maconachie FCCA JOB TITLE: Director of Finance DIRECTORATE: Finance & Funding TEL: 0131 313 6511 EMAIL: rmaconachie@sfc.ac.uk

Table of Contents

Final college funding allocations for AY 2023-24	3
Purpose/background	3
Overview.....	3
Our approach to tertiary education and research funding	4
Overall funds available for AY 2023-24	5
Teaching funding	5
Credits.....	6
Foundation Apprenticeships.....	6
College/university articulation places.....	7
Student support.....	7
Flexible Workforce Development Fund	7
Funding for counsellors	7
Access to free period products	8
Capital funding.....	8
Capital maintenance.....	8
Digital poverty	8
NPD project expenditure	9
Tables	9
Fair Work First	9
Further information	9

Final college funding allocations for AY 2023-24

Purpose/background

1. I am writing to announce the Scottish Funding Council's (SFC) final funding allocations for colleges for the forthcoming Academic Year (AY) 2023-24.
2. SFC published [indicative funding allocations](#) on 13 April 2023 to help colleges plan for the forthcoming AY. There are no changes in the final allocations from the indicative allocations announced. Any other updates on policy or other budgets since the indicative publication are set out in this announcement.
3. The final funding allocations set out in this announcement are based on the [Scottish Government's Financial Year \(FY\) 2023-24 Budget](#), which was approved by the Scottish Parliament on 21 February 2023. This does not include the additional £26 million (m) of strategic funding initially included in this budget but subsequently withdrawn by the Scottish Government.

Overview

4. SFC is maintaining core teaching funding at the same level as last year for the sector as a whole. In preparing our allocations we have made minor changes to the credits volume for individual colleges based on recent performance and demographic trends. We have then rebased credit allocations for all colleges, lowering them by 10.0%, with a balancing price increase to ensure that overall SFC funding is unchanged from AY 2022-23. From AY 2023-24 we will also begin to remove some of the crisis-based mitigations we introduced to help colleges and students deal with the immediate and significant impacts of the COVID-19 pandemic.
5. This is a first step in working with colleges to move towards credit allocations that more closely reflect anticipated student activity. The allocations represent the minimum threshold level of credit-bearing learning and teaching activity that colleges should aim to deliver to avoid the recovery of funds.
6. College capital has increased by £7.7m (10.3%) from Financial Year (FY) 2022-23. The capital maintenance budget is unchanged, but we have combined the backlog and lifecycle maintenance elements to provide colleges with greater flexibility in the use of this funding. We have retained £4.7m of the increased budget to support the highest priority needs, including known and emerging health and safety issues, during FY 2023-24.
7. The key points in this final funding announcement are:
 - We are maintaining investment in teaching funding for AY 2023-24 at £521.6m, in line with AY 2022-23.
 - To provide increased planning certainty for colleges, we are lowering the credit threshold which colleges should deliver to avoid or minimise the recovery of funds,

while maintaining the overall level of funding. This will have the effect of increasing the price per credit while affording colleges the flexibility to deliver above that threshold if there is demand from learners and employers in their region.

- In recognition of the semi-fixed costs that colleges face, 20% of a college's teaching funding will not be directly related to the delivery of credits.
- Student support funding for AY 2023-24 remains constant at £135.0m (with a £2.0m contingency) in line with AY 2022-23.
- SFC's capital budget for FY 2023-24 has increased by £7.7m (10.3%) from FY 2022-23.

Our approach to tertiary education and research funding

8. The Scottish Government is currently consulting on its Purpose and Principles for post-school education, research and skills. This work will nest within the National Performance Framework and National Strategy for Economic Transformation, and take account of policies such as just transition, innovation and the wider reforms affecting skills delivery, qualifications, and schools, and is due to be published in Spring 2023.
9. In considering these final allocations we will support several policy objectives:
 - To support the Scottish Government's stated ambitions of tackling poverty, building a prosperous economy, and achieving net zero by 2045.
 - To secure coherent, quality tertiary education and skills provision that meets the needs of learners and employers, and contributes to economic and social objectives at regional, national and international levels.
 - To promote fair access to, and successful pathways through, tertiary education; and to support students to be successful and to participate in their education.
 - To sustain excellent discovery research, cross-disciplinary collaborations, and connected innovation that makes research useful and enhances entrepreneurial activity.
 - To invest in important strategic infrastructure – estates, digital, knowledge exchange – for sector-wide benefit.
 - To support the transition of the tertiary education, skills and research system towards greater financial sustainability and efficiency in the face of challenging pressures on public finances.
10. In terms of how we approach investment distribution we will:
 - Keep the interests of current and future students and researchers, and equalities, at the heart of our work.
 - Take a system-wide perspective.

- Support local decision-making.
 - Secure quality and public value.
 - Be fair.
 - Balance the need for stability, responsiveness and change.
 - Be proportionate and targeted in our requirements and strive for transparency and efficiency.
11. In totality, we continue to distribute public funds through a hybrid system comprising:
- Formula-based core grants to institutions for learning and teaching in non-controlled subjects, and research and knowledge exchange.
 - Funding for controlled subjects where the Scottish Government sets overall numbers and budgets to be allocated across institutions.
 - Ring-fenced funds that Scottish Government has designated for specific purposes.
 - Strategic funds that support essential sector-wide infrastructure and programmes, nationally significant associated organisations or collections, and government priorities.
12. This publication deals with individual college allocations and is based on the Scottish Government's [Scottish Budget 2023-24](#), approved by the Scottish Parliament in February 2023. This does not include the additional £26m of strategic funding initially included in this budget but subsequently withdrawn by the Scottish Government.

Overall funds available for AY 2023-24

13. This announcement focuses on individual institutional allocations. In line with this approach Table 1 provides a summary of the institutional funding announced in this publication.

Teaching funding

14. SFC is investing £521.6m in teaching funding to the college sector in AY 2022-23. This budget is unchanged for AY 2023-24. Some individual college allocations have changed within this budget as a result of the adjustments outlined below. Final allocations for individual colleges are shown in the combined Table 2 and 3.
15. Our teaching funding allocations incorporate an element of funding which has been set aside for the costs associated with the support staff and middle management job evaluation. This remains an estimated cost of £12.3m as the process of job evaluation is not yet complete. This funding will continue to be held in reserve by SFC until that process is complete and is shown in Table 6.

Credits

16. For AY 2023-24 we have made some adjustments for individual colleges, taking into account recent performance and demographics. We have then rebased credit allocations for all colleges, lowering them by 10%, with a balancing price increase to ensure that overall SFC funding is unchanged from AY 2022-23.
17. This credit rebasing will go hand in hand with revised credit guidance which will begin to remove some of the crisis-based mitigations we introduced to help colleges and students deal with the immediate and significant impacts of the COVID-19 pandemic. We have listened to feedback from the sector and employers and will make changes to the guidance to provide greater opportunities for colleges to deliver the optimal balance of full-time and part-time provision.
18. As mentioned above, the rebased number of credits represents the minimum threshold level of credit-bearing learning and teaching activity that colleges should aim to deliver to avoid the recovery of funds. **It is important to note that the 10% adjustment in credits does not result in a reduction to SFC teaching funding and therefore does not, in itself, equate to a reduction in student provision.** Therefore, within a flat cash allocation, we have been able to provide a significant increase in the price per credit.
19. Colleges may choose to deliver above their credit threshold to meet demand from learners and employers in their region. Going forward SFC will consider any under or over delivery and we will aim to redistribute credits (and associated funding) based on an analysis of performance and demographic trends. The sector-wide rebasing of credits, with the balancing price increase, is a step towards a more dynamic and forward-looking funding distribution system that focuses more on a direction of travel for student activity rather than relying so heavily on the retrospective recovery of funds due to under-delivery.
20. In recognition of the semi-fixed costs that colleges face, 20% of the teaching funding will not be directly related to the delivery of credits. Therefore, when considering potential recovery in respect of under-delivery against credits, we will discount any recovery by 20% to reduce planning volatility.
21. Final credit thresholds for AY 2023-24 are shown in the combined Table 2 and 3.

Foundation Apprenticeships

22. Foundation Apprenticeships (FAs) remain a Ministerial priority for AY 2023-24. For AY 2023-24 we have not identified separate FA credits, however, following discussion with colleges it has been confirmed that colleges will look to continue to deliver 2,500 opportunities. This will be monitored via the outcome agreement process and the WBL and Skills team.

College/university articulation places

23. Streamlining the learner journey by encouraging articulation between colleges and universities remains a priority for SFC and the Scottish Government. SFC's additional articulation places (Associate Student) scheme continues to support this priority area, and there are no changes to the scheme for AY 2023-24.
24. Colleges (and universities) should continue with current arrangements to meet Ministerial priorities to expand articulation and ensure support continues for disadvantaged learners to progress to degree level study. SFC expects at least 75% of additional articulation/associate student funding, for those years in which activity is delivered in colleges, to be transferred from universities to colleges.

Student support

25. For AY 2022-23 the student support budget was set at £135.0m, along with an unallocated £2.0m contingency. In considering the budget for AY 2023-24, we are aiming to balance the anticipated downturn in the proportion of full-time activity with significant cost of living pressures.
26. Taking this into account, along with the overall funding available, we will maintain the student support budget at its current level for AY 2023-24 (£135.0m). Within this budget we will uplift the maximum FE Care-Experienced bursary allowance to £9,000 (an 11.1% increase) to align with the uplift that the Student Awards Agency Scotland (SAAS) is providing for HE Care-Experienced students. These changes were [announced](#) by the Scottish Government on 14 March. Any changes to our standard FE bursary maintenance rate will be confirmed in the publication of our student support policy guidance.
27. Student support funding allocations for AY 2023-24 are shown in Table 4.

Flexible Workforce Development Fund

28. The Flexible Workforce Development Fund (FWDF) enables UK Apprenticeship Levy-paying and SME employers to benefit from training and up-skilling opportunities delivered through colleges and the Open University in Scotland.
29. SFC awaits confirmation of Scottish Government budget and will confirm the allocation of funding when it is available.

Funding for counsellors

30. As part of its Programme for Government response to mental ill-health, the Scottish Government committed to providing funding for more than 80 additional counsellors for colleges and universities over a four-year period from AY 2019-20 to AY 2022-23. SFC has allocated funding for AY 2022-23 up to March 2023 and the Scottish Government has confirmed funding for the tail-end of this AY (i.e. from April 2023 to July 2023). Funding allocations will be published separately in June.

Access to free period products

31. The Scottish Government has advised that a further year's funding for the provision of free period products will be provided. Specific guidance, along with a breakdown of individual college funding allocations, will be published separately in June.

Capital funding

32. The Scottish Government's FY 2023-24 budget provides a college capital budget of £82.4m; an increase of £7.7m (10.3%). Some of this uplift (£3.0m) relates to a commitment to provide funding for Fife College's new Dunfermline Learning Campus.
33. Similar to FY 2022-23, £5.0m has been earmarked by the Scottish Government for supporting digital poverty across colleges, universities and community learning and development (CLD) providers.
34. The overall capital budget split is summarised in the table below:

Capital budgets	£m
Capital Maintenance	31.2
High priority needs, including health & safety issues	4.7
Fife College (new Dunfermline Campus)	41.5
Digital Poverty (for colleges/universities/CLD)	5.0
Total College Capital	82.4
College NPD expenditure	29.3

Capital maintenance

35. We have provided greater flexibility to colleges over the use of this funding by combining backlog and lifecycle maintenance allocations into one capital maintenance funding allocation at the same level as FY 2022-23. Totals for individual colleges/regions are unchanged from FY 2022-23 and funding allocations are shown in Table 5.
36. We have retained £4.7m of the increased budget from FY 2022-23 to support the highest priority needs, including known and emerging health and safety issues, during FY 2023-24.

Digital poverty

37. The college capital budget includes £5.0m to support digital poverty, to be apportioned between colleges, universities and the community learning and development sectors, similar to FY 2022-23. The split of this funding for FY 2023-24 is being finalised with the Scottish Government and individual institutional allocations will be published when this is available.

NPD project expenditure

38. Funding for NPD expenditure in FY 2023-24 is £29.3m, which is unchanged from FY 2022-23.

Tables

39. We have attached the following annexes/tables for AY 2023-24:

- Annex A – Conditions of funding
- Table 1 – College sector – summary of grant for teaching, student support and capital.
- Table 2 & 3 (combined) – Teaching funding allocations & student activity (credit) thresholds
- Table 4 – Student Support funding allocations
- Table 5 – Capital maintenance funding allocations
- Table 6 – Teaching funding set aside for job evaluation

Fair Work First

40. The Scottish Government expects that all public bodies, and those in receipt of public funds, should be exemplars of [Fair Work](#) and that they should be able to demonstrate practices of Fair Work. As recipients of public funds, colleges must be committed to Fair Work practices for staff (including any agency or sub-contractor workers) engaged in the delivery of activity associated with public funds.

Further information

41. If you require any additional information, please contact Richard Maconachie, Director of Finance, email: rmaconachie@sfc.ac.uk or Gordon Craig, Deputy Director, Tertiary Education Funding, email: gcraig@sfc.ac.uk, in the first instance.



Karen Watt
Chief Executive