



SFC Announcement

In-year redistribution of student support funds for AY 2017-18

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Reference: SFC/AN/05/2018

Summary: Announcement of in-year redistribution of student support funds to colleges for academic year 2017-18 detailing the clawback of unspent funds from 2016-17 and allocations of additional funding for 2017-18.

FAO: Principals / Finance Directors / Chairs / Board Secretaries / Student Support contacts in Scotland's colleges

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In-year redistribution of student support funds for 2017-18

Purpose

1. This letter announces the in-year redistribution of student support funds to colleges for academic year (AY) 2017-18. It details the clawback of unspent funds from 2016-17 and allocation of additional funding for 2017-18.

Background

2. Demand for student support is unpredictable and, in order to match our funding to demand as closely as possible, we carry out an in-year redistribution of student support funds at the end of each year. We do not allow colleges to use student support funds for other purposes; we recover funds that colleges do not expect to use in the current year, as well as any unspent funds from the previous year. We use the funds returned to us to allocate to colleges that need additional student support in the current year. We invited colleges to relinquish unused funds or request additional funds in a Call for Information published on 17 October 2017 ([SFC/CI/08/2017](#)).

Redistribution

3. The total amount of funds requested by colleges is £4.3 million. There is £7.1 million available for redistribution. **Therefore, we will be able to meet in full colleges' requests for additional funding for 2017-18.** The Table in Annex A details the amounts requested and relinquished by each college region.

Funds requested by colleges

4. The total requested by colleges is £4.3 million. As with the past two redistribution exercises, the amount requested has fallen considerably compared to previous years. This is as a result of work we have undertaken with colleges to improve the in-year redistribution process and the accuracy of funding bids submitted. It also reflects changes in the student demographic and changes in colleges' balance of full-time, further education provision. The slightly later timing of this year's redistribution exercise has also helped colleges produce more accurate bids, as their student populations are more settled.

Funds relinquished by colleges

5. Colleges are returning £7.1 million that they did not spend in AY 2016-17 for redistribution. The amount of unspent funds being returned to us is higher than in recent years. The reasons for this vary between colleges, but the main factors are the changes to the student demographic and the changes to colleges' patterns of provision, as referenced above.

ESF student support

6. In order to optimise the ESF funding available to colleges, we have calculated adjustments to the ESF student support allocations to reflect the actual spend position amongst colleges. This will reduce the allocations to those colleges who have underspent their ESF budget and redistribute this funding to those who have overspent. Colleges have been notified of the ESF redistributions individually and the adjustments to budgets will be made within this financial year, as described in paragraphs 11-16.
7. As with previous years, when we calculate whether colleges have over or underspent their individual student support budgets, we take into account their spend on all students (both ESF funded and non-ESF funded) against their total student support funding allocations (the core allocation plus the ESF initial allocation). Therefore, where the ESF allocation is adjusted, this impacts on the overall budget and the calculation of the level of over- or underspend against the budget. The relinquished funding figures in the Table at Annex A take into account the redistribution of ESF student support and the subsequent changes to the calculations of over- and underspends for 2016-17.
8. We have been working with the Scottish Government European Structural Funds Division (the 'Managing Authority') to confirm the audit position on ESF student support funding. The most recent guidance from the Managing Authority has indicated that there are some elements of student support funding which will not meet its ESF audit criteria. Primarily, these relate to student support funds that are not paid directly to students (for example Study Costs and some Travel and some Childcare Costs).
9. It is likely that SFC will not be reimbursed for some of the funds it has previously allocated to colleges in 2015-16 and 2016-17 for ESF student support. We will not be able to precisely quantify the amount until after the ESF allocations have been fully audited.
10. Colleges have relinquished £7.1 million of unspent funds from 2016-17 and requested an additional £4.3 million for 2017-18. We will use the remaining £2.8m unallocated core student support funds to cover the anticipated gap in ESF funding.

Recovery of unspent funds and adjustments to budgets

11. Colleges receiving additional funds will have their financial year (FY) and AY student support budgets increased by the amount of additional funding that they have been awarded, as detailed in the Table at Annex A. These updated budgets will be reflected in incorporated colleges' monthly cash-flow pro-forma and quarterly resource pro-forma. Colleges should continue to drawdown funding based on need whilst giving due regard to the revised FY budget.

12. For multi college regions, we have set out in the Table at Annex A the amounts requested by individual colleges within each region. Regional boards should note the allocations to individual colleges. Multi-college regions may action in-year transfers of student support funds between colleges within the region.
13. Colleges that are returning unused funds will have their overall FY student support budget reduced by the amount of funding that they are returning, as detailed in the Table at Annex A. Adjustments to ESF student support budgets will also be made within the timescales set out above.
14. The updated budgets will be reflected in incorporated colleges' monthly cash-flow pro-forma and quarterly resource pro-forma. Incorporated colleges – particularly those colleges who are returning significant sums – should note the impact of this on their cashflows.
15. Sabhal Mòr Ostaig, Newbattle Abbey College, Scotland's Rural College, Orkney College, Shetland College and West Highland College do not submit cash-flow pro-formas. For these colleges, relinquished funds will be clawed back in March 2018. Where these colleges are to receive additional funds, payments will be adjusted in March and April 2018 as set out in Annex A.
16. Colleges will not be able to claim funding above the revised budgets. If you have any queries on the payment process, please contact Catherine Atkinson, Senior Budgeting and Reporting Officer, tel: 0131 313 6540, email: catkinson@sfc.ac.uk.

Management of payment of funds

17. Colleges are reminded of the forthcoming change to the management of the payment of funds: We will contact colleges in early June 2018 to seek clarification of their near-final position on spend on student support in 2017-18. Colleges that have drawn down their full student support budget but are forecasting a significant underspend against their budget will be asked to reduce their July 2018 draw-down of funds or return surplus funds to SFC in July 2018, rather than waiting until the 2018-19 redistribution exercise in Autumn 2018.

Further information

18. For further information on student support policy and funding, please contact Sarah Kirkpatrick, Senior Policy and Analysis Officer for further information, tel: 0131 313 6696, email: skirkpatrick@sfc.ac.uk.



Lorna MacDonald
Director of Finance

In-year redistribution of student support funds for 2017-18

Region /College	Funding relinquished by colleges (£)	Additional funding requested / allocated for full AY (£)	Additional funding requested / allocated to end March 2018 (£)	Total additional funding allocated (£)
Ayrshire	1,038,962	-	-	-
Borders	413,694	15,913	11,737	15,913
Dumfries & Galloway	337,628	72,000	-	72,000
Dundee & Angus *	-	646,000	486,000	646,000
Edinburgh	1,454,386	329,801	-	329,801
Fife	1,525,623	-	-	-
Forth Valley	294,402	-	-	-
Glasgow	424,818	1,264,688	804,153	1,264,688
<i>City of Glasgow College</i>	53,787	301,336	180,801	301,336
<i>Glasgow Clyde College</i>	26,815	313,352	203,352	313,352
<i>Glasgow Kelvin College</i>	344,216	650,000	420,000	650,000
Highland	601,680	315,000	179,000	315,000
<i>Inverness College</i>	47,124	60,000	40,000	60,000
<i>Lews Castle College</i>	1,427	-	-	-
<i>Moray College</i>	257,126	-	-	-
<i>North Highland College</i>	17,358	75,000	54,000	75,000
<i>Orkney College</i>	3,227	-	-	-
<i>Perth College</i>	266,737	180,000	85,000	180,000
<i>Shetland College</i>	8,683	-	-	-
Lanarkshire	189,243	710,000	510,000	710,000
<i>New College Lanarkshire</i>	58,753	460,000	330,423	460,000
<i>South Lanarkshire College</i>	130,490	250,000	179,577	250,000
North East Scotland	678,774	-	-	-
West	-	495,000	495,000	495,000
West Lothian	94,565	197,097	197,097	197,097
<i>Newbattle Abbey College</i>	32,638	-	-	-
<i>Sabhal Mòr Ostaig</i>	23,818	-	-	-
<i>Scotland's Rural College (SRUC)</i>	-	293,000	-	293,000
TOTAL	7,110,231	4,338,499	2,682,987	4,338,499

*Additional £160k requested by Dundee & Angus College in June 2018. This request was met in full.