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Comhairle Maoineachaidh na h-Alba

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College Indicative Funding Allocations 2024-25



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Summary:	Announcement of indicative funding allocations for colleges for Academic Year (AY) 2024-25
FAO:	Principals, Chairs, Finance Directors and Board Secretaries of Scotland's colleges, and the general public
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College Indicative Funding Allocations 2024-25

Purpose/background

1. I am writing to announce Scottish Funding Council (SFC) decisions on indicative funding allocations for colleges for the forthcoming Academic Year (AY) 2024-25.
2. SFC provides indicative funding allocations to help colleges plan for the forthcoming AY. We have engaged closely with the Scottish Government through the funding allocation process to ensure that our funding principles align with Ministerial policy priorities.
3. The indicative allocations set out in this announcement are based on the [Scottish Government's Financial Year \(FY\) 2024-25 Budget](#), which was approved by the Scottish Parliament on 27 February 2024.
4. We have engaged with several key sector groups in developing these indicative allocations. Following further consultation as necessary, we will publish final allocations by the end of May 2024.

Scottish Budget 2024-25

5. The Scottish Government's 2024-25 Budget set a college resource (revenue) budget for FY 2024-25 of £643 million (m). Excluding the £26m of transition funding that was initially part of the FY 2023-24 budget, this represents a decrease of £32.7m (-4.8%) from FY 2023-24.
6. The College capital (net) budget has been set at £84.9m; an increase of £2.5m (3.0%) from FY 2023-24.

Overview

7. This is a challenging funding settlement, which necessitates difficult choices. We have sought to balance a range of priorities for colleges – fulfilling our statutory mission and duties, aligning with the Scottish Government's stated priorities, and taking account of sector and stakeholder feedback, including the need to:
 - Protect frontline teaching and learning, by keeping as close as possible to last year's teaching budget allocation.
 - Continue to maximise Foundation Apprenticeship opportunities within our core teaching provision, in line with Scottish Government expectations, whilst recognising the need to balance this alongside other provision.
 - Ensure there are sufficient student support funds available to meet college/student demand.

- Retain sufficient capital funds to address very high priority capital maintenance/estate needs and ad hoc emergencies, including health and safety issues.
 - Bed in the new, more flexible teaching funding model to provide some stability and planning certainty.
 - Take account of the impact of changes in funding allocations to institutions' viability, and to cumulative impacts across Scotland.
 - Continue to fund national infrastructure and specific programmes of national interest for the sector through strategic investment funds.
8. The **key points** in this indicative funding announcement for 2024-25 are:
- We have maintained our investment in teaching funding, allocating £509.3m, which is in line with the teaching funding allocated to colleges in AY 2023-24.
 - We have maintained the lower credit thresholds that were introduced for AY 2023-24 (and the resulting increase in price per credit).
 - The student support budget has been rebased and set at £123.0m, to better reflect demand.
 - The total capital budget has increased by £2.5m but sector capital maintenance funding, including high priority needs, has reduced by £2.9m.

Overall revenue funds available for AY 2024-25

9. 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

10. SFC is maintaining core teaching funding at the same level as allocated last year. This excludes the £12.3m that has been held back on an annual basis for job evaluation. The Scottish Government has agreed that responsibility for meeting job evaluation commitments now rests with them. Therefore, the baseline teaching funding budget for AY 2024-25 is £509.3m. The teaching funding available to each college/region has been maintained and is unchanged from AY 2023-24.
11. We have retained changes to the college funding model that we introduced for AY 2023-24:
- Lowered credit thresholds to reduce the risk of exposure to funding recovery for under-delivery, thereby enabling greater planning certainty.
 - A 2% tolerance rate on the delivery of credit thresholds.

- A consequent increased price per credit.
- Recognising colleges' fixed/sunk costs, 20% of teaching funding will not be associated with the delivery of credit thresholds.
- A change to the 'required date' when a full-time student can be counted, in line with the university sector.

Credit thresholds

12. Given that credit allocations were changed significantly for AY 2023-24 (a 10% reduction with some redistribution), and the sector has asked for a period of stability whilst these changes bed in, there are no changes to the current pattern of credit allocations, and credit thresholds for AY 2024-25 are the same as AY 2023-24.
13. We are not planning any material changes to the credit guidance but will engage with the sector prior to publication, shortly after the publication of the indicative funding announcement.

Foundation Apprenticeships

14. The Scottish Government is committed to Foundation Apprenticeships (FAs) as part of senior phase provision and the expectation is that the sector will deliver up to 2,500 opportunities in AY 2024-25. As in AY 2023-24, in setting college credit thresholds for AY 2024-25 we have not identified separate FA credits.

College/university articulation places

15. 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 2024-25.
16. 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.

College Employers Scotland

17. We are working with Colleges Scotland and sector representatives to decide how best to implement funding arrangements for College Employers Scotland (CES), in order to support collective national bargaining in the college sector with the trade unions through the National Joint Negotiating Committee (NJNC). This will be finalised in advance of the final funding allocations.

Student Support funding

18. Balancing our priority to protect frontline teaching funding and the reduced budget available, we are adjusting the student support budget to better reflect actual demand and recent trends in budget spend. Therefore, the indicative student support budget for AY 2024-25 has been set at £123.0m. Indicative funding allocations for individual colleges/regions are shown in Table 3.
19. In setting the indicative funding allocations for AY 2024-25, for each college we have taken account of actual spend on student support over the last three years for which data is available. We have also ensured that the allocation for each college covers at least what was spent last year on student support.
20. These are initial funding allocations. We will, as in previous years, conduct an in-year redistribution exercise where colleges will be asked either to relinquish funds that are not required or request additional funds. We encourage colleges to consider carefully the funds they require as part of this exercise so that it is in line with our approach to reflect demand better.
21. For AY 2023-24 we provided an 11.1% uplift to the bursary maintenance rates. The revised budget protects that significant increased bursary rate, but we are not able to provide any further uplift to the rate for AY 2024-25.

Flexible Workforce Development Fund

22. Colleges will be aware that the Scottish Government's reduced budget for 2024-25 did not provide any additional specific funding to deliver the Flexible Workforce Development Fund. Given that reduced budget, SFC has no available funds to create an equivalent fund.

Capital funding

23. The Scottish Government's FY 2024-25 budget provides a college capital budget of £84.9m. This is an increase of £2.5m (3.0%) from the published FY 2023-24 budget of £82.4m (which included £5.0m for colleges, universities and Community Learning & Development providers to support digital poverty – see paragraph 25 below). A significant part of this budget relates to our ongoing commitment to provide funding for Fife College's new Dunfermline Learning Campus.

24. The overall indicative capital budget split is summarised in the table below:

Capital budgets	£m
Capital maintenance	30.5
High priority needs, including health & safety issues	2.5
Fife College's new Dunfermline Campus	51.9
Total College Capital	84.9
College NPD expenditure	29.3

Digital poverty

25. In FY 2023-24 colleges received £2.9m of the £5.0m earmarked in their published capital budget to support digital poverty, resulting in an overall capital budget for colleges of £80.3m. The Scottish Government's budget for FY 2024-25 does not include any specific capital funding to support digital poverty and accordingly there is no separate budget provision for digital poverty in our funding allocations for FY 2024-25.

Capital maintenance

26. For FY 2023-24 we provided greater flexibility to colleges over the use of this funding, by combining backlog and lifecycle maintenance allocations into one capital maintenance funding allocation. This flexibility has been maintained for FY 2024-25 with an allocation of £30.5m, which is a slight (£0.7m) reduction from FY 2023-24. Indicative allocations for individual colleges/regions are shown in Table 4.
27. We have retained £2.5m of the capital budget for FY 2024-25 to support the highest priority capital/estate needs. This is a reduction from the £4.7m set aside for FY 2023-24. As was the case in 2023-24, we will write to colleges separately about the use of this funding.

NPD project expenditure

28. Funding for NPD expenditure in FY 2024-25 is £29.3m, which is unchanged from FY 2023-24. This is for major capital project unitary charges (under the Scottish Government's Non-Profit Distributing model) for Ayrshire, Inverness and City of Glasgow colleges.

Tables

29. We have attached the following tables for 2024-25:

- Table 1 – Summary of overall indicative college budgets
- Table 2 – Indicative teaching funding allocations & student activity (credit) thresholds
- Table 3 – Indicative student support funding allocations
- Table 4 – Indicative capital maintenance funding allocations

Fair Work First

30. 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

31. 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.



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