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Comhairle Maoineachaidh na h-Alba

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College Final Funding Allocations 2024-25



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Summary:	Announcement of final 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 Final Funding Allocations 2024-25

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) 2024-25.
2. SFC published [indicative funding allocations](#) on 28 March 2024 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 \(FY\) 2024-25 Budget](#), which was approved by the Scottish Parliament on 27 February 2024.

Scottish Budget 2024-25

4. The Scottish Government's 2024-25 Budget set a college resource (revenue) budget for FY 2024-25 of £643.0 million (m). Excluding the £26.0m 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.
5. The College capital (net) budget has been set at £84.9m; an increase of £2.5m (3.0%) from FY 2023-24.

Overview

6. 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.
7. The **key points** in this final 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 funding allocated for AY 2024-25

8. This announcement focuses on the final allocation of funding to colleges for AY 2024-25. In line with this approach, Table 1 provides a summary of the institutional funding announced in this publication.

Teaching grant

9. **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. We will write separately to colleges regarding the accounting treatment of this.
10. 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. As advised in the indicative funding announcement in March, we are not planning any material changes to the credit guidance for AY 2024-25. This will be published shortly after the final funding allocations.

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 continues to expect 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 continue to work with Colleges Scotland on support for College Employers Scotland. We can confirm that this will have no impact on the final funding allocations set out in this announcement.

Flexible Workforce Development Fund

18. 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.**

Access to free period products

19. The Scottish Government has advised that a further year's funding for the provision of free period products will be provided for colleges (and universities) in 2024-25. Funding for colleges is expected to be at the same level as 2023-24 (£0.4m). Specific guidance confirming the totality of funding for 2024-25, along with a breakdown of allocations for individual colleges, will be published separately.

Student support funding

20. 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 student support budget for AY 2024-25 has been set at £123.0m.** Final funding allocations for individual colleges/regions are shown in Table 3.
21. In setting the final 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.
22. 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 carefully consider any requests for additional funding as part of this exercise so that it is in line with our approach to reflect demand better.
23. 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.

Capital funding

24. 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 26 below). A significant part of this budget relates to our ongoing commitment to provide funding for Fife College's new Dunfermline Learning Campus.

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

Capital budgets for FY 2024-25	Allocation
Capital maintenance	£30.5m
High priority needs, including health & safety issues	£2.5m
Fife College's new Dunfermline Campus	£51.9m
Total College Capital	£84.9m
College NPD project expenditure	£29.3m

Digital poverty

26. 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

27. 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. Final funding allocations for individual colleges/regions are shown in Table 4.
28. 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

29. 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.

Profile of monthly payments

30. We are planning to introduce profiled payments from AY 2024-25 and have written separately to college Directors and Heads of Finance regarding this.

Tables and Annex

31. We have attached the following annexes/tables for 2024-25:

- [Annex A - Conditions of funding.](#)
- [Table 1 - Summary of announced funding for college sector.](#)
- [Table 2 - Teaching funding allocations and student activity \(credit\) thresholds.](#)
- [Table 3 - Student support funding allocations.](#)
- [Table 4 - Capital maintenance funding allocations.](#)

Fair Work First

32. 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. Please refer to the Fair Work section in the College Conditions of Funding (Annex A).

Further information

33. 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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