



Scottish Funding Council  
Comhairle Maoineachaidh na h-Alba

## **Additional funding for colleges in FY 2020-21**

# **SFC Announcement**

Issue Date: 24 March 2021

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Reference: SFC/AN/09/2021

Summary: Announcement of an additional £15.3 million for colleges in Financial Year 2020-21.

FAO: Principals, Chairs, Finance Directors and Board Secretaries of Scotland's colleges

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## **Additional funding for colleges in FY 2020-21**

### **Introduction**

1. I am writing to announce the allocation of an additional £15.3 million to colleges in Financial Year (FY) 2020-21. This follows Scottish Government announcements of additional funding in FY 2020-21 for colleges and universities.

### **Background**

2. As part of a [budget update statement](#) on 16 February 2021, the Scottish Government announced further 2020-21 non-recurring COVID-19 support. This included an additional £60 million for further and higher education:
  - £40 million resource funding to help universities and colleges maintain research activity, protect jobs and help students.
  - £20 million additional capital to boost research and knowledge exchange.
3. The Scottish Government had also previously announced on 26 January 2021 an additional £10 million for universities and colleges for income lost in providing rent rebates. This was announced as part of a £30 million package of [support for students in hardship](#) as a result of COVID-19. The £20 million balance for students experiencing hardship was allocated as additional student support funding to colleges and universities in February 2021.

### **Additional £40 million for research activity, protecting jobs and helping students**

4. This additional resource funding has been allocated by the Scottish Government “to help colleges and universities maintain research activity, protect jobs and help students”.
5. This funding will help address the major impact that COVID-19 has had on colleges and universities in terms of:
  - Reduced income, including from commercial contracts and residencies, affecting research funding and putting jobs at risk.
  - Additional costs, such as adjustments to campuses and facilities to allow for social distancing.
  - General weakening of their financial sustainability.

6. It will also support institutions to:
  - Provide assistance to students to maximise the successful completion of their studies in this Academic Year (AY).
  - Minimise the level of deferrals into next AY.
  - More generally, enable institutions and staff to deliver the outcomes we are seeking from them in this year.
7. SFC is aware that college finances and cash-flows are under significant pressure due to COVID-19. At this stage in the year we begin to get a much clearer picture of the likely total budgetary and cash-flow position for the full FY (to 31 March 2021). As the finances of incorporated colleges are encompassed within the public sector's accounting arrangements, that picture is a product of projections of both SFC's own finances and those of colleges.
8. The current assessment is that SFC has up to £10 million available which we are now using to provide additional funding to the college sector to help ease their current financial pressures. That assessment reflects a reduction in the amount of European Social Fund income expected to be received by SFC from the Scottish Government Managing Authority prior to the end of the current FY.
9. The maximum that can be allocated is determined by the projected gap in college finances up to the end of March (due to the accounting status of incorporated colleges, whereby their spend counts towards the total of public sector expenditure). Based on the combination of previous forecasts and up-to-date cash flow information from colleges, up to £15 million can be allocated within this FY, and this total can now be funded given the additional resource provided by the Scottish Government.

### ***Distribution***

10. Recognising that all colleges are facing financial pressures, the £15 million total has been allocated in proportion to their respective core teaching grant allocations for AY 2020-21.
11. A breakdown of allocations for individual colleges/regions is shown in **Annex A**.

### ***Reporting***

12. As part of our ongoing monitoring we will work with colleges/regions on the use of this funding and meeting the conditions of grant, but we will also require a written report at the end of the current AY.

### **Additional £10 million for rent rebates**

13. This additional Scottish Government funding has been allocated to universities and colleges for income lost in providing student accommodation rent rebates. SFC issued a Call for Information to universities and colleges on 12 March 2021, and on the basis of the information provided by that call we have allocated £0.3 million to the college sector.

### ***Distribution***

14. Funding has been allocated in proportion to colleges' estimated lost income in AY 2020-21 providing student accommodation rent rebates, less any related cost savings.
15. A breakdown of allocations for individual colleges/regions is set out in **Annex B**.

### **Conditions of grant**

16. Paragraphs 4-6 and 13 describe the overall objectives of these grant funding allocations and therefore, as a condition of grant, funds must only be used for those purposes.
17. In addition, colleges/regions must use this additional funding (as applicable) to:
  - Support students in finishing their courses and achieving their qualifications, minimising deferrals.
  - Maintain coherent provision and maximise the alignment of skills provision with the needs of the economy and society.
  - Wherever possible, sustain existing capacity for the future delivery of education that Scotland will need.
  - Enable necessary organisational change to be implemented fairly and reasonably.

### **Release of funds**

18. This funding is for FY 2020-21, with funds being provided to colleges/regions in March 2021.

## Further information

19. Please contact Martin Smith, Chief Funding & Information Officer, tel: 0131 313 6528, email: [msmith@sfc.ac.uk](mailto:msmith@sfc.ac.uk) or Gavin Bruce, Assistant Director, Funding, tel: 0131 313 6585, email: [gbruce@sfc.ac.uk](mailto:gbruce@sfc.ac.uk).

A handwritten signature in black ink that reads "KWatt". The letters are cursive and connected.

**Karen Watt**  
Chief Executive