ITEM 12
FOR NOTING

GLASGOW KELVIN COLLEGE

Learning and Teaching Committee – 4 May 2022

Scottish Funding Council Indicative College Credit Allocations for AY 2022-23

Report by Vice Principal Curriculum and Quality Enhancement

1. Introduction

On the 24th March, 2022, the Scottish Funding Council (SFC) published indicative college funding allocations for AY 2022-23. This included an outline of expected Credit activity for the same year. This paper provides a summary of expected Credit activity levels for the College in 2022-23.

2. Indicative college Credit allocations for AY 2022-23

Sections 17 to 27 of the attached SFC publication sets out their intentions for Credit activity across Scotland's colleges in 2022-23. Overall, it is planned that the sector will deliver fewer Credits overall, with no additional Credits for deferred learners, ESF or Foundation Apprenticeships (FAs). However, Core Credits will be increased so that the sector continues to meet the Scottish Government aspiration that the sector deliver at least 116,000 full-time equivalent places and supports an increase in FA opportunities.

For Glasgow Kelvin, we are still to decide the regional split of FAs so our final Credit target is not yet known. However, this is likely to be in the range of 79,000 – 80,000 Credits which was our norm in pre-Covid years. However, the College will not receive any additional funding for FA Credits which will mean a significant reduction in College income levels.

The SFC announcement also highlights the re-introduction of an activity tolerance level in relation to Credit target achievement. This will provide leeway with our core credit target and mean that SFC will not recover funding if we fall within 2% of our core target within the tolerance threshold. However, SFC will consider revising future credit allocations if any college under-delivers for two years out of any three year period.

Later sections of the attached publication highlight the SFC's intentions for the continuation of the Flexible Workforce Development Fund, and funding for counsellors and free sanitary products. The report also suggests that further funds will follow for the Young Person's Guarantee and for Digital Poverty.

3. Resource Implications

This indicative funding announcement suggests that College funding for learning and teaching will reduce by 3.4% in 2022-23. The College is currently developing a prospective budget for next year based on these indicative figures.

4. Equalities

There are no direct equality implications arising directly from this report.

5. Risk and Assurance

The reduced level of funding for the college in 2022-23 will increase financial and sustainability risks for the College. However, risks of under-delivery of Credits targets and potential clawback of funds will be lower due to the reduction in Credit activity compared to this year and the re-introduction of a Credit target leeway limit of 2%.

6. Data Protection

There are no data protection implications arising directly from this report.

7. Recommendations

Members are recommended to:

i. note the contents of the report.

8. Further Information

Members can obtain additional information on the contents of this report from Robin Ashton, Vice Principal Curriculum and Quality Enhancement.

Glasgow Kelvin College
RA
21/04/2022

Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

Appendix

Indicative college funding allocations for AY 2022-23

SFC Announcement

Issue Date: 24 March 2022

Indicative college funding allocations for AY 2022-23

Issue date: 24 March 2022

Reference: SFC/AN/07/2022

Summary: Announcement of indicative funding allocations for colleges for Academic Year 2022-23.

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

Further information:
Contact: Chris Brown
Job title: Interim Director of Finance
Department: Finance
Tel: 0131 313 6690
Email: cbrown@sfc.ac.uk

Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD
T 0131 313 6500
F 0131 313 6501
www.sfc.ac.uk

Contents

Indicative college funding allocations for AY 2022-23 4
Purpose 4
Policy drivers 4
Key points 5
Scottish budget FY 2022-23 6
Overall revenue funds available for AY 2022-23 6
Teaching funding 6
Foundation Apprenticeships 6
Teaching funding budget for AY 2022-23 7
AY 2022-23 student activity targets 7
Activity tolerance threshold 8
Foundation Apprenticeship credits 8
College/university articulation places 8
Student Support 9
Flexible Workforce Development Fund 9
Young Person's Guarantee 10
Funding for Counsellors 10
Access to free sanitary provision 10
Other non-core programme funding 10
Capital 11
Capital maintenance 11
Digital poverty 12
NPD expenditure 12
Tables 12
Fair Work First 12
Further information 13

Indicative college funding allocations for AY 2022-23

Purpose

1. I am writing to announce Scottish Funding Council (SFC) decisions on the indicative funding allocations for colleges[1] for the forthcoming Academic Year (AY) 2022-23.

2. SFC provides indicative funding allocations to help colleges plan for the forthcoming AY. The priorities outlined in our 2021-22 letter of guidance, alongside wider Scottish Government priorities, have guided us in determining these indicative allocations.

3. The indicative allocations set out in this announcement are based on the Scottish Government's Financial Year (FY) 2022-23 budget, which was announced on 9 December 2021 and approved by the Scottish Parliament on 10 February 2022.

4. We have engaged with a number of key sector groups in developing these indicative allocations. Following further consultation with the sector, we will publish final allocations by the end of May 2022.

Policy drivers

5. In considering these indicative allocations we are aiming to achieve a number of policy objectives:

   - To make best use of the funding available to SFC from a challenging budget settlement, in alignment with the SFC's Review of Coherent Provision and Sustainability.
   - To continue to provide learning opportunities at a time of ongoing economic and social uncertainty - to sustain a pipeline of educated and skilled people who will be critical to our recovery and to upskill the existing workforce - and to provide opportunities for those most impacted by the global pandemic to move into productive learning.
   - In partnership with European Social Funding (ESF), SFC has in recent years funded an additional 3,100 FTE HE places each year. Although ESF is no longer available, SFC will continue to fund these places as they have made a real difference across Scotland.
   - Foundation Apprenticeships (FAs) were also recently funded by ESF in partnership with Skills Development Scotland (SDS). SFC is committed to

[1] All references to 'college(s)' in this document relate to colleges, college regions, and regional strategic bodies (as appropriate), unless otherwise specified.

work based learning and to protecting and promoting FAs. We will therefore maintain these opportunities within our core funding, working closely with SDS and local authorities.

- The college sector has worked tirelessly to minimise the impact of COVID-19 on students' learning, and to deal with loss of learning for existing students as well as school pupils moving on to college. This continues to be a priority area for the sector, SFC and the Scottish Government. Our credit guidance will enable colleges to claim additional learning hours to deal with this vital issue, as appropriate.
- To provide sufficient student support funding to meet demand.

Key points

6. The key points in this indicative funding announcement are:

- The additional COVID-19 related/Barnett consequential funding received by the Scottish Government in FY 2021-22 enabled it to provide additional funding for Foundation Apprenticeships, digital learning and additional mental health support. This funding is no longer available in FY 2022-23.
- The sector revenue budget for AY 2022-23 has decreased by £13.1 million (M) (-1.9%) from the 'baseline' revenue budget for AY 2021-22 or £36.5M (-5.1%) from the published AY 2021-22 budget [see paragraph 9). Within this total:
  - Teaching funding has increased by £9.6M (1.9%) from the baseline AY 2021-22 allocation [paragraph 14].
  - Student support funding is demand led and has reduced by £5.6M (4.0%) from the core funding announced for AY 2021-22 to better reflect actual spend on student support needs in the last year and reduced student numbers. We will make a cost of living increase to the bursary maintenance rates for AY 2022-23 and we have set aside a further £2M of contingency funding to support students, if required [paragraphs 28-31].
  - As we have prioritised front line teaching and learning for students, other non-core funding has decreased by £10.5M (49.6%) from the published budget for AY 2021-22 [paragraphs 39-40].
- Student activity (credit) volume for the sector has been set at 1.73M credits, which is unchanged from the baseline credit target for AY 2021-22 [paragraphs 17-22].
- The capital budget for FY 2022-23 has increased by £41.0M (121.7%) from FY 2021-22, primarily to fund the Dunfermline Learning Campus project, with sector-wide capital maintenance funding increasing by £1.8M (6.1%) [paragraphs 41-43].

Scottish budget FY 2022-23

7. The Scottish Government's approved Scottish Budget 2022-23 set a College Resource (Revenue) budget for FY 2022-23 of £675.7M. This represents a 'flat cash' settlement from the baseline FY 2021-22 budget, and excludes the additional COVID-19-related Barnett consequential funding received in 2021-22. Compared to the full, published FY 2021-22 budget, this represents a decrease of £23.4M (-3.3%).

8. The College Capital (net) budget was set at £74.7M; an increase of £41.0M from FY 2021-22. The majority of this uplift relates to a commitment to provide funding for Fife College's new Dunfermline Learning Campus.

Overall revenue funds available for AY 2022-23

9. In setting the sector's AY budget for 2022-23, we span two FYs: 2022-23 and 2023-24. The revenue budget for FY 2022-23 announced by the Scottish Government is converted into an AY budget by taking account of the proportion of the FY 2022-23 budget that is already committed to the current AY 2021-22. It also involves a forecast of the next FY budget for 2023-24, which we have assumed will not increase (in cash terms) beyond the current FY 2022-23 level.

10. On that basis, **SFC has set a college revenue budget for AY 2022-23 of £675.3M**. This represents a reduction of £13.1M (-1.9%) from the baseline AY 2021-22 resource budget of £688.4 million, or a reduction of £36.5M (-5.1%) from the full, published AY 2021-22 resource budget of £711.8M.

Teaching funding

11. SFC allocated £540.2M in teaching funding to the college sector in AY 2021-22, including additional funding allocated through the ESF. The 2021-22 budget also included one-off funding for Foundation Apprenticeships (£8.8M), digital learning (£5.0M), additional mental health support (£4.4M), and deferred students (£10.0M). Our 2022-23 baseline starting point excludes these one-off allocations and stands at £512.0M (Table 2).

Foundation Apprenticeships

12. Foundation Apprenticeships (FAs) remain a Ministerial priority and the Scottish Government expects the college sector to deliver 2,500 new FA opportunities for school pupils in AY 2022-23. SFC has therefore allocated £6.9M for this purpose. We have also allocated £1.9M for continuing students that started their FAs in AY 2021-22 and are progressing to Year 2 in AY 2022-23.

13. The 2,500 FA opportunities target for AY 2022-23 is around 21% lower than the AY 2021-22 target, but around 18% higher than the number of FA places

colleges are expected to deliver in AY 2021-22. We have therefore set the 2,500 opportunities target by increasing each college's AY 2021-22 delivery levels by 18%.

Teaching funding budget for AY 2022-23

14. **Core teaching funding allocated to colleges for AY 2022-23 has been set at £521.6M**. This represents an increase of £9.6M (1.9%) from the baseline AY 2021-22 allocation - funded by a reduction in other SFC budgets - or a reduction of £5.5M (-1.0%) from the published AY 2021-22 allocation (excluding ESF which finished in 2021-22). This is shown in Table 1.

15. A breakdown of indicative funding allocations for individual colleges is shown in Table 2. Funding has been allocated to ensure that all colleges receive an uplift of at least 1.0% from the £512.0M baseline.

16. 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.

AY 2022-23 student activity targets

17. In AY 2021-22 colleges were asked to deliver 112,403 full-time equivalent (FTE) baseline places, plus 2,024 places for FAs and a further 2,232 places to help address student loss of learning from earlier years. SFC also part-funded a further circa 3,100 Higher Education (HE) places in partnership with ESF but that programme ended in AY 2021-22. Finally, further additional activity was funded through the Scottish Government's Young Person's Guarantee and National Transition Training Fund. It has been very challenging for the sector to deliver this high volume of places against the backdrop of ongoing COVID-19 uncertainty.

18. Whilst the ESF programme has now ended, we have increased our core target to maintain the additional 3,100 HE places, which equates to c.46,000 credits, previously offered through that programme. The core baseline target is now 1.73M credits (or c.115,000 FTEs).

19. The 2,500 FA new start opportunities plus those continuing into year 2 of their FA provide a further c.30,000 credits or c.2,000 FTEs (see paragraph 24).

20. Where colleges deliver a low number of FAs we have increased their funding to ensure they receive at least a 1% increase on the £512.0M baseline budget.

21. We have then lowered college targets by 1.8% with no associated adjustment to teaching grant, to provide an effective cost of living increase. The overall impact of these changes is to maintain activity levels at pre-pandemic levels, including the ESF places which are now part of the core target.

22. We believe this activity target is sufficient to meet student demand for college places in AY 2022-23, including support to deal with loss of learning as a result of the pandemic. This volume target excludes the additional places delivered by colleges as part of the 'associate student' articulation scheme and the Flexible Workforce Development Fund programme which in combination deliver c.2,600 additional FTE places. In total, the college sector would deliver over 118,000 FTEs on this basis.

Activity tolerance threshold

23. To provide a degree of consistency between the college and university sectors in terms of student enrolment targets, SFC has re-introduced a tolerance threshold from AY 2022-23 that will provide colleges some leeway with their core credit targets. Specifically, this will mean that SFC will not recover funding from colleges if they fall short of their core target within the tolerance threshold. **We have set this tolerance at 2.0% for AY 2022-23**, which is consistent with the threshold provided for under-enrolment against funded student places (in non-controlled subjects) in the university sector. SFC will consider revising future credit allocations if any college under-delivers for two years out of any three year period.

Foundation Apprenticeship credits

24. SFC has allocated 30,348 credits for FAs, reflecting a target of 3,293 students either embarking or continuing on FAs in AY 2022-23.

25. FA frameworks are offered in distinct curriculum areas and we have worked with the sector on planned subject areas. To recognise the additional delivery costs of FAs, which take account of work placement assessments, we are continuing to enable additional credits to be claimed for each framework. Colleges are therefore continuing to be offered a level of funding for FAs which is consistent with the previous level of funding received through SDS.

College/university articulation places

26. 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 2022-23.

27. 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 75% of additional articulation/associate student funding for those years in which activity is delivered in colleges, to be transferred from universities to colleges. We will continue to monitor the transfer and impact of this funding.

Student Support

28. The student support budget is a demand led budget which has not been fully spent in recent years, primarily due to reduced numbers of students on FE level courses. The budget was significantly underspent in AY 2020-21 and SFC expects further significant underspend in AY 2021-22. Given this, **we have set the student support funding budget at £135.0M** to make best use of the funds SFC has available in a challenging budget settlement.

29. While this represents a reduction of £5.6M (4.0%) from the core budget that was announced for AY 2021-22, the £135.0M budget for AY 2022-23 is significantly higher than expenditure in previous years. We will be providing a cost of living increase to the bursary maintenance rates for AY 2022-23, so that the amounts individual students receive will increase. Indicative student support funding allocations to individual colleges are set out in Table 4.

30. SFC is considering introducing two new student support policy changes for AY 2022-23 relating to the duration of support for students and widening access to the Care-Experienced bursary. To help ensure we have sufficient funding to support these changes - added to the ongoing uncertainty with COVID-19 - **we have identified a further £2.0M of contingency funding for student support that can be deployed in-year if necessary**.

31. As in previous years, SFC will also revisit student support budgets in Autumn 2022 when the level of student demand will be clearer. If required, we will carry out a redistribution of student support funding at that stage, so that college budgets are better aligned with student demand.

Flexible Workforce Development Fund

32. The Scottish Government and SFC remain committed to enabling UK Apprenticeship Levy-paying and SME employers to benefit from training and up-skilling delivered through the Flexible Workforce Development Fund (FWDF).

33. AY 2022-23 will be the sixth year of the FWDF. Its continued purpose is to provide employers with training opportunities to support inclusive growth through up-skilling/re-skilling employees.

34. SFC is budgeting for the continuation of the current FWDF programme and we have therefore set aside £6.0M from our core budget. With additional funding transferred from the Scottish Government and previous years' underspend retained by the sector and carried-forward, the total FWDF available to colleges in AY 2021-22 was £17.0M. AY 2022-23 budgets have yet to be finalised but our current assumption is for the same overall budget for AY 2022-23.

Young Person's Guarantee

35. We expect £10.0M to be available for the college sector in 2022-23 under the Scottish Government's Young Person's Guarantee programme. Further information on this funding and how it will be allocated will be provided in the final funding announcement at the end of May.

Funding for Counsellors

36. As part of its Programme for Government in responding to mental ill-health, the Scottish Government committed to providing more than 80 additional counsellors in FE and HE over a four year period from AY 2019-20.

37. SFC expects a further year's funding for counsellors in colleges to be announced in due course and will work with the Scottish Government to confirm funding for 2022-23.

Access to free sanitary provision

38. SFC expects a further year's funding for the provision of free sanitary products in colleges to be announced in due course and will work with the Scottish Government to confirm funding for 2022-23.

Other non-core programme funding

39. A portion of SFC's annual funding for colleges is earmarked for other national services (including Jisc, College Development Network (CDN), Advanced Procurement for Universities and Colleges (APUC), strategic interventions that support transformational change aligned to SFC and Scottish Government priorities (e.g. widening access), and projects where we can facilitate collaboration and the leveraging of funds from other partners, as well as financial sustainability requirements.

40. **The budget for this funding in AY 2022-23 has been set at £10.7M**; a £10.5M reduction from the published £21.2M budget for AY 2021-22. Given the ongoing challenges as we continue into a COVID-19 recovery period, this budget (albeit reduced) will enable SFC to meet all current awards and known commitments and continue to have some flexibility to respond and support the college sector and its students.

Capital

41. The Scottish Government's FY 2022-23 budget provides a College Capital budget of £74.7M; an increase of £41.0M. The majority of this uplift relates to a commitment to provide funding for Fife College's new Dunfermline Learning Campus.

42. Part of this increase (£5.0M) has been earmarked by the Scottish Government for supporting digital poverty across colleges, universities and community learning and development (CLD) providers.

43. The overall Capital budget split is summarised in the table below:

Capital budgets	***£M***
Backlog and Lifecycle Maintenance	31.2
Fife College (new Dunfermline Learning Campus)	38.5
Digital poverty (for colleges/universities/CLD)	5.0
Total FE Capital	***74.7***
College NPD expenditure	29.3

Capital maintenance

44. As shown in the table above, SFC has set the budget for sector-wide capital maintenance in FY 2022-23 at £31.2M; an increase of £1.8M (6.1%) from FY 2021-22.

45. The sector's backlog and lifecycle maintenance needs continue to far exceed the level of funding available. Therefore the overall aim for SFC's allocation methodology remains to ensure we provide a contribution towards these two elements of capital need. Both continue to be important because:

    - Backlog maintenance needs to be addressed to ensure historic poor condition is addressed.
    - At the same time, colleges need to have some capacity to address their lifecycle maintenance requirements, otherwise future backlog maintenance requirements will escalate.

46. SFC's allocation method is similar to previous years and is based on a c.58%/42% split of high priority backlog/lifecycle maintenance costs. This enables SFC to continue making a contribution to both the sector's backlog and lifecycle needs. This continues to represent the most transparent and best value methodology for allocating the available capital funds.

47. Therefore we have allocated the £31.2M in these proportions, resulting in a total of £18.2M based on high priority backlog maintenance and £13.0M based on share of the sector's volume of activity (credit) target.

48. The high priority backlog maintenance allocation is based on the College Estates Survey (2017). SFC (and the sector) recognises that this survey requires updating. The College Infrastructure Strategy is currently being developed and is expected to produce a fresh approach to assessing estates' maintenance need/priority, which we can factor into future capital maintenance funding distribution.

49. Indicative FY 2022-23 capital maintenance allocations for individual colleges are shown in Table 5.

Digital poverty

50. The college capital budget includes £5.0M to alleviate digital poverty across colleges, universities and community learning and development (CLD) providers. Of that budget, the Scottish Government has earmarked £0.5M for CLD, with the distribution method yet to be agreed. Of the remaining £4.5M, **the college sector has been allocated £2.9M (64%)**.

51. Indicative digital poverty funding allocations for FY 2022-23 for individual colleges are also shown in Table 5, based on their share of the sector's volume of activity (credit) targets for AY 2022-23.

NPD expenditure

52. Funding for NPD expenditure in FY 2022-23 is £29.3M, which is unchanged from FY 2021-22.

Tables

53. We have attached the following indicative tables for AY 2022-23:
    - Table 1 – College sector – overall budget
    - Table 2 – Teaching funding allocations
    - Table 3 – Student activity (credit) targets
    - Table 4 – Student Support funding allocations
    - Table 5 – Capital maintenance funding allocations (FY 2022-23)

Fair Work First

54. The Scottish Government strongly believes 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 a recipient 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

55. For more information, please contact Chris Brown, Interim Director of Finance, email: cbrown@sfc.ac.uk.

Karen Watt
Chief Executive