



Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

College final funding allocations for AY 2022-23

SFC Announcement

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

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College final funding allocations for AY 2022-23

Purpose

1. I am writing to announce the Scottish Funding Council's (SFC) final funding allocations for colleges¹ for the forthcoming Academic Year (AY) 2022-23.
2. The final funding allocations set out in this announcement are based on the [Scottish Government's Financial Year \(FY\) 2022-23 budget](#), which was approved by the Scottish Parliament on 10 February 2022.
3. The priorities outlined in our 2022-23 [letter of guidance](#), alongside wider Scottish Government priorities, have guided us in determining these final allocations, alongside our engagement with a number of key sector groups.
4. SFC published [indicative funding allocations](#) on 24 March 2022 to help colleges plan for the forthcoming AY. In the main, the final allocations set out in this announcement are broadly unchanged from that publication. Changes that have been made are highlighted throughout this note.

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 work-based learning and to protecting and promoting FAs. We will therefore

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

maintain these opportunities within our core funding, working closely with SDS and local authorities.

- The college sector has worked effectively 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.
- 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 £13.1m (-1.9%) from the 'baseline' revenue budget for AY 2021-22 or £36.5m (-5.1%) from the published AY 2021-22 budget [see paragraphs 9-10]. Within this total:
 - Teaching funding has increased by £9.6m (1.9%) from the baseline AY 2021-22 allocation [paragraphs 16-19].
 - Student support funding, which is demand-led, 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 33-36].
 - Other non-core funding has decreased by £10.5m (49.6%) from the published budget for AY 2021-22, as we have prioritised front-line teaching and learning for students [paragraphs 46-47].
- The 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 22-26].
- The capital budget for FY 2022-23 has increased by £41.0m (121.7%) from FY 2021-22, primarily to fund Fife College's new Dunfermline Campus, with sector-wide capital maintenance funding increasing by £1.8m (6.1%) [paragraphs 48-58].

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. Last year, in setting AY 2021-22 budgets, SFC had assumed flat cash settlements for FY 2022-23.
10. On that basis, **SFC has set a college revenue budget for AY 2022-23 of £675.3m**, which represents a reduction of £13.1m (-1.9%) compared with the baseline AY 2021-22 revenue budget of £688.4m. Compared with SFC's full, published AY 2021-22 revenue budget of £711.8m, this represents a reduction of £36.5m (-5.1%).

Changes from indicative funding announcement

11. There are some changes to student activity targets and teaching funding allocations from the indicative announcement published on 24 March 2022 ([SFC/AN/08/2022](#)). These changes only affect some colleges, are relatively small, and are set out in the paragraphs below. Student support and capital funding allocations remain unchanged.

Redistribution of activity from Highlands & Islands to West Lothian and Borders

12. Since the [indicative announcement](#), we have redistributed some activity to reflect performance levels. Specifically, we have reduced the Highlands & Islands activity target by 87 FTE places, and provided an additional 76 FTE places to West Lothian College and 48 FTE places to Borders College.

13. The impact of this redistribution on the overall teaching budget is effectively financially neutral.

Reductions in activity targets for large city-centre colleges

14. We have reduced the student activity targets for two colleges and one region from the [indicative announcement](#) whilst maintaining their teaching funding allocations. This will allow for an increase in the price per place for Edinburgh College, City of Glasgow (CoG) College and North East Scotland College (NESCol) to create greater alignment across the sector.
15. As SFC's funding responsibility is to the Glasgow Region, it will be for the Glasgow College Regional Board to decide how to allocate the reduced credits (and unchanged teaching funding) the Region will receive to its assigned colleges.

Teaching funding

16. SFC allocated £540.2m in teaching funding to the college sector in AY 2021-22, including additional funding allocated through the ESF. The AY 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).
17. **Core teaching funding for colleges in 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 non-teaching 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.
18. A breakdown of final teaching 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.
19. 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 and is shown in Table 6.

Foundation Apprenticeships

20. Foundation Apprenticeships (FAs) remain a Ministerial priority and the Scottish Government expects the college sector to provide 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.

21. 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 FAs 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%.

Student activity targets

22. 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 closes at the end of AY 2021-22. Finally, further additional activity was funded through the Scottish Government's Young Person's Guarantee (YPG) and National Transition Training Fund (NTTF). It has therefore been very challenging for the sector to deliver this high volume of activity against the backdrop of ongoing COVID-19 uncertainty.
23. Whilst the ESF programme has now ended, we have increased our core target to maintain the additional 3,100 HE places previously offered through that programme, which equates to c.46,000 credits. The core baseline target is now 1.73m credits (or c.115,000 FTEs).
24. 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.3,300 places (see paragraph 28). Where colleges deliver a low number of FAs, we have increased their teaching funding to ensure they receive at least a 1.0% increase on their £512.0m baseline allocation.
25. 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.
26. 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 with universities 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

27. 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 seek to 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

28. SFC has allocated 30,348 credits for FAs, reflecting a target of 3,293 students either embarking or continuing FAs in AY 2022-23.
29. FA frameworks are offered in distinct curriculum areas and since the [indicative announcement](#) we have continued to engage with the sector on their allocation of activity for FAs and have written to all colleges informing them of the distribution of new starts across FE frameworks. Any change to frameworks will have to be achieved on a cost-neutral basis by colleges using core credits to make up any shortfall.
30. 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

31. 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.
32. 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

33. 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 and the impact of COVID-19. 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 for AY 2022-23 at £135.0m** to make best use of the funds SFC has available in a challenging budget settlement.
34. 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. Student support funding allocations to individual colleges are set out in Table 4.
35. SFC will be providing a 4.1% increase to student bursary maintenance rates for AY 2022-23. We will also be introducing two new student support policy changes relating to the duration of support for students and widening access to the Care-Experienced bursary. Full details will be provided in separate student support policy guidance due to be published in June. 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.
36. 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 continue to be aligned with student demand.

Young Person's Guarantee

37. The Scottish Government has confirmed that £10.0m is available for the college sector in 2022-23 under their YPG programme. We are continuing to engage with the Government on the criteria and eligibility for this funding. We will engage with the sector to inform how this funding will be allocated, with a view to publishing guidance in June.

Funding for counsellors

38. As part of its Programme for Government in responding to mental ill-health, the Scottish Government committed to providing funding for more than 80 additional counsellors in FE and HE over a four-year period from AY 2019-20.
39. At this stage, the Scottish Government has confirmed funding of £3.1m in FY 2022-23 for both the college and university sectors (covering the period August 2022 – March 2023 of AY 2022-23).

40. Further funding will also be made available to cover the remainder of the AY (April – July 2023) to make up the full AY 2022-23 funding allocation. The total for this is still to be confirmed but the Scottish Government has advised that funding for AY 2022-23 will be broadly comparable to the funding allocated for AY 2021-22
41. SFC will publish the final funding allocations and associated guidance when the full AY 2022-23 budget has been confirmed. We expect this to be by the end of June and we will announce the guidance and individual college allocations thereafter.

Access to free period products

42. SFC expects a further year's funding for the provision of free period products in colleges to be announced in due course and will work with the Scottish Government to confirm funding for 2022-23.
43. The Scottish Government expects to be in a position to advise on the 2022-23 funding allocation in June. Specific guidance, along with a breakdown of individual college funding allocations, will then be published separately prior to the start of the new AY.

Flexible Workforce Development Fund

44. The Scottish Government and SFC remain committed to enabling UK Apprenticeship Levy-paying and SME employers to benefit from training delivered through the Flexible Workforce Development Fund (FWDF). 2022-23 will be the sixth year of the FWDF and its continued purpose is to provide employers with training opportunities to support inclusive growth through up-skilling/re-skilling employees.
45. With £6.0m from SFC and additional funding transferred from the Scottish Government, together with previous years' underspend retained by the sector and carried-forward, the total FWDF available to colleges in AY 2021-22 was £17.0m. The same budget will be available for 2022-23 and separate guidance with a breakdown of funding allocations will be published in June/July.

Other non-core programme funding

46. 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.

47. **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 the COVID-19 recovery period, this budget 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

48. 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 the commitment to provide funding for Fife College’s new Dunfermline Learning Campus.
49. Part of this increase (£5.0m) has been earmarked by the Scottish Government to support digital poverty measures across colleges, universities and community learning and development (CLD) providers (see paragraphs 57-58).
50. 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 budget	74.7
College NPD expenditure	29.3

Capital maintenance

51. 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.
52. The sector’s backlog and lifecycle maintenance needs continue to 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.

53. 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.
54. 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.
55. As outlined earlier in this announcement, SFC has made adjustments to some individual colleges' activity targets for AY 2022-23 since the [indicative announcement](#), including for some colleges where we have reduced their credit target but maintained their teaching grant. It would not seem reasonable to consequently reduce their capital funding and consequently we have not adjusted the capital allocations and they remain unchanged. FY 2022-23 capital maintenance allocations for individual colleges are shown in Table 5.
56. 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.

Digital poverty

57. 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 £2.9Mm (64%)**.
58. 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

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

Tables

60. We have attached the following annexes/tables for AY 2022-23:

- Annex A – Conditions of funding
- 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)
- Table 6 – Teaching funding set aside for job evaluation

Fair Work First

61. 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 Fair Work practices. 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

62. For more 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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