



SFC Announcement

In-year redistribution of student support funds for AY 2015-16

Issue date: 29 January 2016

Reference: SFC/AN/02/2016

Summary: Announcement of the in-year redistribution of student support funds for AY 2015-16 and clawback of unspent funds.

FAO: Principals and directors of Scotland's colleges

Further information:

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In-year redistribution of student support funds for AY 2015-16

Purpose

1. This letter provides details of the in-year redistribution of student support funds for academic year (AY) 2015-16.

Background

2. The in-year management of student support funds is an ongoing feature of the annual student support funding cycle.
3. Demand for student support is unpredictable and in order to match our funding to demand as closely as possible we carry out an in-year redistribution of student support funds in the autumn of each year. We do not allow colleges to use student support funds for other purposes; we recover funds that colleges do not expect to spend in the current year as well as unused funds from the previous year. This allows us to provide some additional funds to colleges that need additional student support in the current year.

Redistribution

4. The total amount of funds requested by colleges is £4.256 million. There is £2.302 million available for redistribution. The amount requested has fallen considerably compared to previous years. There are two main contributory factors to this:
 - The redistribution of student support funding that we carried out as part of the 2015-16 funding allocations. Following the series of mergers that had taken place in the last few years, the landscape of the sector had changed significantly and the initial student support allocations were re-based in recognition of this, so that college allocations were better aligned with student demand.
 - SFC has worked closely with colleges to examine methods of predicting student support. Our experience of previous years was that there was an element of over-estimation in the requests that we receive. For example, colleges that received additional funding through previous redistribution exercises sometimes returned a significant proportion of this funding to us, as it was not used in-year. We believe that this year's request for additional funding represents a more accurate reflection of actual demand.
5. Despite this improved situation, as in previous years we will not be able to meet all colleges' requests in full through the redistribution of student support. As was the case in 2014-15, we have instructed colleges to prioritise student

support when using cash previously earmarked for depreciation to ensure that they meet their current commitments to students.

Relinquished and clawed back funds

6. The total amount of relinquished funds from this exercise is £2.302 million. This is made up as follows:
 - £2.287 million in unspent funds from AY 2014-15
 - £0.015 million from AY 2015-16

Reallocating funds

7. We have made some in-year changes to colleges' activity targets, with 6 colleges agreeing to deliver additional activity in 2015-16. We have taken the additional student support costs (£472,000) required for this change in activity from within the £2.302 million available for redistribution, giving £1.830 million for redistribution to meet colleges' requests for £4.256 million.
8. In considering how to allocate the additional £1.830 million, we have taken into account the following information:
 - The historic patterns of spend at individual colleges.
 - The contextual information that colleges provided at the round of meetings held with the sector on student support throughout Autumn 2015. Specifically, the information that colleges provided on how they have calculated their bid and the relation of this to their previous bids and previous over/underspend on student support.
 - Data that colleges previously submitted on actual use of depreciation funds in 2014-15 and the depreciation funds they have available in 2015-16.
 - Information supplied by colleges on their position with regards to meeting their activity targets in 2015-16.
9. On the basis of the factors outlined above we have prioritised allocations to:
 - Borders College.
 - Edinburgh College.
 - Highland Region, with the distribution to individual colleges to be agreed within the region through UHI and the Further Education Regional Board. We request that the regional board confirms the allocations to individual colleges (see paragraph 16).
 - Lanarkshire Region, with the recommendation that the additional allocation is based on the request made by New College Lanarkshire only and that the full reallocation goes to this college. We further recommend that South Lanarkshire College does not receive an additional allocation for 2015-16.

We request that the regional board takes account of the SFC prioritisation of the individual college need for student support funding and confirms its agreement to the allocation to the individual college (see paragraph 16).

10. The above colleges will receive allocations of 48% of the amount they have requested.
11. The other colleges will receive 40% of the amount they requested.
12. Colleges should use the additional funds to supplement their Bursary and Childcare budgets, according to student demand.
13. The attached Table at Annex A shows the amount of funding requested and the funding relinquished by each region.

Relinquished funds, recovery of unspent funds and adjusted payments

14. Colleges receiving additional funds will have their overall financial year (FY) student support budget increased by the amount of additional funding that they have been awarded. These updated budgets will be reflected in your next monthly cash-flow pro-forma and next quarterly resource pro-forma. Colleges should continue to drawdown funding based on need whilst giving due regard to the revised FY budget.
15. Colleges who have indicated that they will be relinquishing funds will have their overall FY student support budget reduced by the amount of funding that they are relinquishing. These updated budgets will be reflected in your next monthly cash-flow pro-forma and next quarterly resource pro-forma.
16. In multi college regions, the regional board should confirm the allocations to individual colleges. This should take into account any transfers of student support funds between colleges within the region, which were agreed prior to the regions submitting their bids for additional student support. It should also indicate how the additional funds received through the in-year redistribution will be shared between colleges within the region. This information should be submitted to Catherine Atkinson, Senior Budgeting & Reporting Officer (tel: 0131 313 6540, email: catkinson@sfc.ac.uk) by **Monday 8 February 2016**.
17. Colleges will not be able to claim funding above the revised budgets. Please note that we intend to make all adjustments against college bursary funds. If you have any queries on the payment process, please contact Catherine Atkinson.

Further details

18. For further information, please contact Sarah Kirkpatrick, Senior Policy/Analysis Officer, tel: 0131 313 6696, email: skirkpatrick@sfc.ac.uk.

A handwritten signature in dark ink that reads "Laurence Howells". The signature is written in a cursive, slightly slanted style.

Laurence Howells
Chief Executive

Annex A

Student Support Redistribution 2015-16				
Region	2014-15 funds relinquished	Additional funds requested for 2015-16	Allocation for 2015-16	% age of request met
Ayrshire		473,863	188,000	40%
Aberdeenshire	1,036,794	-	-	
Borders	131,659	117,953	57,000	48%
Central	261,096	-	-	
Dumfries & Galloway	133,263	-	-	
Dundee & Angus	121,338	-	-	
Edinburgh		779,204	374,000	48%
Fife	262,839	-	-	
Glasgow # *		287,897	115,000	40%
Highland*		646,336	312,000	48%
Lanarkshire (New)		476,160	229,000	48%
Lanarkshire (South)		75,000	-	0%
SRUC	263,061	-	-	
WCS		1,105,000	437,000	40%
WLC	52,100	295,000	118,000	40%
Newbattle		-		
SMO**	39,915	-		
Total relinquished	2,302,065	4,256,412	1,830,000	43%
Changes to activity targets	471,739			
Total available for in-year redistribution	1,830,326			

Glasgow region requested £879,800 of additional student support funds. The region received additional funding of £591,903 associated with an ESF programme. We indicated that student support should be the priority for the use of these funds. Other regions receiving additional funds through this route have reduced their requests for student support to take into account the additional funds. To ensure consistency with other regions we have reduced the Glasgow bid to take account of the additional funding.

* For Highland and Glasgow regions the distribution to individual colleges should be agreed within the region. We request that the regional board confirms the agreed allocations to individual colleges.

**SMO relinquished £24,915 relating to 2014-15 and £15,000 relating to 2015-16.