

SFC Call for information

Student Support Funds: In-year management of AY 2016-17 allocations

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Summary: The purpose of this publication is to invite colleges to relinquish unspent student support funds or request an increase to their student support allocations for academic year 2016-17.

FAO: Principals, Board Secretaries and directors of Scotland's colleges

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Student Support Funds: In-year management of AY 2016-17 allocations

Purpose

1. The purpose of this publication is to invite colleges to relinquish unspent student support funds or request an increase to their student support allocations for AY 2016-17.

Background

2. The in-year redistribution of student support funds is an on-going feature of the annual student support funding cycle.
3. Since 2014-15 we have been working with colleges to seek to improve the in-year redistribution process and the accuracy of funding bids submitted. This work has been undertaken in parallel with the work of the joint SFC / Colleges Scotland Reclassification Implementation Group on the use of funds previously earmarked for depreciation.

Change to in-year redistribution exercise for 2016-17

4. Full instructions for completion of the request form are set out in Annex A to this letter. We have included this year a new section on estimating demand for student support. This section details the factors that colleges should take into account when estimating demand. We have based this on the information discussed with colleges at student support meetings held during Autumn 2015. This guidance reflects the elements of good practice in estimating demand that we identified in our discussions with colleges.
5. Based on the feedback we received from colleges we modified the request for information that we sent to colleges last year so that the redistribution form:
 - Allows colleges to provide information on the use of net depreciation funds for student support.
 - Encapsulates contextual information.
 - Is pre-filled with student support data returned to SFC through colleges' audited aggregate return (the aggregate returns have been reconciled with the FES4 returns this year, in preparation for the move to FES4 in 2016-17).
6. For 2016-17, we are adding some additional information to the pre-filled forms. This will show the amount of student support funding we have paid to each college. It is being included so that colleges can reconcile the information they are returning with their draw-down and payment details.
7. We will email forms pre-filled with each college's student support data to

colleges on an individual basis.

Depreciation

8. In 2015-16, we asked colleges facing a shortfall of student support funding to use funds previously earmarked for depreciation to supplement their student support allocations, where these funds were available. This practice will be continued into 2016-17. The redistribution request form will ask colleges to report on any net depreciation funds used to supplement student support in 2015-16. It will also ask colleges to quantify the amount of net depreciation funds they have available for student support in 2016-17. When we consider colleges' requests for additional student support funding for 2016-17, we will take into account the levels of net depreciation funds held by colleges for this purpose when determining allocations.

Return date

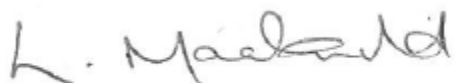
9. Colleges should complete the request form and email it to Sarah Kirkpatrick (skirkpatrick@sfc.ac.uk) by Friday 25 November 2016.

Announcement of the outcome of the 2016-17 in-year distribution

10. Colleges will be individually notified of the outcome of the in-year redistribution exercise in December 2016. We will announce the sector outcome of the 2016-17 in-year redistribution exercise in January 2017.

Further information

11. Please contact Sarah Kirkpatrick, Senior Policy / Analysis Officer, Funding Policy for further information, tel: 0131 313 6696, email: skirkpatrick@sfc.ac.uk.



Lorna MacDonald
Director of Finance

In-year management of AY 2016-17 Student Support Funds: Instructions for completion of request form

Background

1. In Autumn 2015 we conducted a series of meetings with colleges to discuss their methods for estimating demand for student support. Analysis of data comparing previous requests to actual levels of spend on student support indicated that there has been a significant degree of over-estimation of need in the sector as a whole. We understand the difficulties of providing accurate estimates of need however the returns are creating an inaccurate impression of the level of unmet demand.
2. Despite sector assurances that we could expect to receive more accurate bids for funding as part of last year's redistribution exercise, the aggregate returns that are currently being submitted are again indicating that, as a sector, colleges will be returning a significant amount of student support funding that was un-used in 2015-16. This suggests that over-estimation of need is an ongoing issue.
3. Based on our discussions with colleges we have put together the following guidelines on predicting demand for student support. Colleges should apply these guidelines when assessing the level of demand for student support in 2016-17 and determining whether to bid for additional funding or to relinquish funding for redistribution to other colleges.

Estimating demand for student support

4. The starting point for determining need for student support should be based on colleges' existing commitments to support students already enrolled for 2016-17.
5. We are aware that colleges can still be receiving and processing applications for student support at the point where we ask for the IYR submission. In addition, most colleges will expect to enrol additional students later in the academic year. Therefore, colleges need to calculate the volume of additional student funding applications they expect to receive for the remainder of the AY.
6. Colleges then need to estimate the likely level of support required by the additional students. In performing this calculation, colleges should take into account historic data on the differential spend patterns at course / subject level, for different types of student (e.g. full-time / part-time, by gender, by age group). For example, colleges should be aware of the following factors that will have a bearing on the resources required:

- Some subjects will have a higher level of demand for SFC student support than others.
 - Female students are more likely to require childcare funding than males.
 - Any move from FE to HE level provision, or from full-time to part-time provision, will reduce demand for SFC student support.
7. All of these factors will have a bearing on the quantum of resources required in the coming year. We strongly recommend that colleges build in assumptions for these factors when predicting need, rather than basing their requests on average levels of funding. Colleges should not assume that all of the additional students will require the maximum level of funding.
 8. After the college has calculated the predicted level of additional support required, it is essential that they make a reduction to the overall requirement to take account of the impact of student withdrawals. This should be based on a realistic assumption of the expected level of withdrawals based on historic data at the college.
 9. Colleges should not build large and unrealistic contingencies into their bids for funding. This results in inflated claims and creates a false impression of the level of unmet demand for student support, but more importantly it limits our ability to move funds to where they are currently needed.

Changes to in-year redistribution request form for 2016-17

10. In 2015-16 we expanded the in-year redistribution request form, to include:
 - Information on the previous year's student support allocation.
 - The information returned by colleges on their spend on student support, as detailed in the aggregate return.
 - Details of the use of net depreciation funds to supplement student support budgets.
11. The 2016-17 in-year redistribution request forms will also include the above information. In addition, this year, we will also:
 - Separately identify student support associated with ESF students.
 - Include information held by our finance system, showing details of the funds that colleges have been paid for student support in the previous year. This is being included so that colleges can reconcile the information they are returning with their draw-down and payment details.
12. As with the 2015-16 exercise, colleges will be able to submit contextual information within the request form.

13. College data returns are currently being finalised. When this exercise is complete we will email the pre-filled forms directly to college contacts, along with detailed instructions for completing the forms.

Multi-college regions

14. Multi-college regions should complete the request form as a region, with any transfers of funding between colleges agreed by the colleges within the region prior to the form being submitted.

AY / FY monitoring

15. The financial year reporting year moved from April-March to August-July in 2015-16. However, we continue to monitor college funding on an April-March basis. The details of this were set out in a letter to Finance Managers on 29 May 2015. Therefore, for colleges requesting additional funds, we still ask for split of funds to be used up to the end of March 2017.

General conditions

16. The return date for the form is Friday 25 November 2016. If the amounts that colleges require for student support change by the end of 2016, because of changing circumstances, colleges should inform us of this as soon as possible.
17. As in past years, we will try to meet as many requests as possible. However, as with previous years, there may be a shortfall in available funds at a sector level. This will mean the amount going to individual colleges may be capped.
18. We reiterate that colleges should adhere to the guidance set out in paragraphs 4-9 when calculating claims. Colleges should avoid inflating their bids for funding, in order that we can redistribute the additional funding available in as fair and equitable a way as possible.
19. Colleges should ensure that the data reflected in the in-year redistribution request form is consistent with their resource return.

Return Date

20. Colleges should complete the request form and email it to Sarah Kirkpatrick (skirkpatrick@sfc.ac.uk) by Friday 25 November 2016.