Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

Our reference: 254721458

28 January 2022

Dear Principal

In-year redistribution of credit activity for AY 2021-22

I am writing to you regarding our process for in-year transfers of credit activity associated with AY 2021-22 targets, which we hope to finalise with colleges as soon as possible.

The college sector has delivered all targeted student places for the past 20 years up until AY 2019-20. The sector delivered the core 116k target in 2020-21 but colleges/college regions have been reporting difficulties with recruitment in the first half of AY 2021-22 as a result of more school leavers moving on to university as well as other factors including the wider impact of COVID-19 and a buoyant jobs market.

In view of these difficulties, SFC Chief Executive Karen Watt wrote to college principals on 30 November 2021 outlining some additional flexibilities to our credit guidance for AY 2021-22 to help support the recruitment of students. However, as set out in that letter, we do fully recognise the challenging environment that the sector is operating in and appreciate that, even with those additional flexibilities, some colleges/regions may still not feel that they are likely to meet their credit targets. We are therefore now proposing an in-year redistribution of activity - if some colleges/regions believe they are in a position to deliver additional credits this year and others feel they may still fall short.

It is worth noting that colleges have been asked to deliver a record number of student places in AY 2021-22, including additional places provided for students deferring from earlier years.

In-year redistribution for AY 2021-22

Following on from Karen Watt's letter of 30 November and the flexibilities outlined within it (including additional credits for full-time students and helping to establish pipelines for younger school pupils) we have received feedback from some colleges

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regarding the availability of additional places (credits) for AY 2021-22. We are aware that not all colleges are in this position but it does highlight the need for an in-year redistribution process to ensure colleges can deal with local demand.

In terms of an in-year redistribution process for this current AY 2021-22, we are proposing that:

- Colleges/college regions confirm to SFC by **4 February 2022** whether they expect to meet their 2021-22 credit activity targets by the end of the AY.
- Where a college/region does not expect to meet its 2021-22 credit activity targets, it provides an indication of the potential shortfall.
- Where a college/region expects to exceed its 2021-22 credit activity targets, it provides an indication of the potential number of additional credits it requires.

Following receipt of these responses, SFC will contact the relevant college/region to discuss and agree the potential level of activity that could be transferred. These discussions will also consider and agree the amount of credits that will be transferred from one college/region to another and an appropriate amount of associated teaching funding that will be transferred, with the assumption being that this will be less than the full credit price (our current assumption is that at least 75% of associated funding would be transferred);

Colleges/regions that confirm they expect to meet their 2021-22 credit targets but fail to do so by the end of the AY may be liable to the recovery of funds at the full credit price.

We are aware that reporting delivery levels is now more complex to manage as a result of the various targets that colleges have to report against. In addition, colleges/regions must deliver their core places before additional credits can be claimed against other projects. We are therefore asking that colleges/regions provide the expected delivery levels for each of these projects, as set out in the table below. Please note that for Foundation Apprenticeships we only expect you to report on SFC-funded places.

	Target	Expected by end year
Core	1,686,054	
ESF	46,336	
Foundation Apprenticeship	30,354	
Deferred credits	33,487	
YPG	12,593	
NTTF	9,571	
Total	1,818,395	

Once we have this information we will look to speak to individual colleges/regions regarding potential redistribution during the week beginning 7 February with a view to finalising allocations by 11 February.

Funding for deferred students

As part of the 'Final College Funding Allocations for AY 2021-22', published on 27 May 2021, SFC announced that £10 million had been allocated to allow students whose studies had been disrupted by COVID-19 to complete their courses in AY 2021-22 and move onto further study or employment. This one-off funding was provisionally allocated in proportion to colleges' existing gross core teaching funding for AY 2021-22.

Based on college returns we now have data that records numbers of deferred students at each college that might change the provisional allocation of additional credits. However, we are aware that some colleges are unlikely to meet their core credit targets and therefore will not need any additional credits for deferred students (as they can be met from their existing credits). We are also aware of the various efforts colleges made in AY 2020-21 to reduce the numbers of students needing to defer into AY 2021-22.

Therefore, following further consideration and discussion with colleges, we do not intend to change the provisional allocations of funding for deferred students, so the allocations published on 27 May 2021 can be considered the final allocations for this source of funding.

Should you have any queries or require any additional information, please speak to your Outcome Agreement Manager in the first instance, or contact Gavin Bruce, Assistant Director, Funding, email: gbruce@sfc.ac.uk or Gordon McBride, Assistant Director, Analysis, email: gmcbride@sfc.ac.uk.

Yours sincerely

Chris Brown
Interim Director of Finance

Cc: College Finance Directors
Outcome Agreement Managers