

SPICe Briefing

College Funding: Further Education

10 March 2014

14/18

Suzi Macpherson

This briefing considers the Scottish Government's 2014/15 draft budget for further education and the allocation of this funding to colleges across Scotland. The paper is divided into two sections. The first section outlines the Scottish government allocation of funding for further education provision through the draft budget on a financial year basis. The second section considers the allocation of funding to colleges to deliver further education, on an academic year basis. This briefing provides an update to figures presented in SPICe briefing 12-64: [Draft Budget 2013/14: Further Education](#)

Amended 10 March 2014



The Scottish Parliament
Pàrlamaid na h-Alba

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EXECUTIVE SUMMARY

Scottish Government funding for further education is provided mainly to the Scottish Funding Council (SFC), with a small amount allocated to Skills Development Scotland (SDS). After a significant period of funding increases to the sector between 1999/2000 and 2010/11, the funding allocation to colleges reduced in 2011/12 and 2012/13. In 2013/14, funding has been increased and is to remain at the same cash terms value in 2014/15.

Along with a draft figure for revenue allocation to the SFC for further education for 2014/15 of £521.7m, the 2014/15 draft budget sets out a planned cash allocation of £525.7m revenue funding for 2015/16 (Scottish Government, 2013b).

In cash terms, funding to SDS has risen from £176.4 million in 2012/13 to £187.4 million in 2013/14. Funding in 2014/15 is to reduce to £184.0 million. Reductions in funding in 2014/15 are credited to efficiency savings without impacting on services. When looking at SDS funding in real terms, there is a clear reduction in funding over time – from £181.3 million in 2011/12 to £173.6 million in 2014/15.

Student support funds allocated from the SFC to colleges rose in cash terms from £95.6m in academic year 2011/12 to £102.8m in 2013/14. In contrast, funding for college places fell from £429.4 million in academic year 2011/12 to £395.4 million in 2013/14.

Alongside a small rise in funding for college places (through the teaching and fee waiver allocation) across most college regions in the period academic year 2012/13 to 2013/14, there has also been an increase in the wSUM targets set for colleges – rising from 2.11 million wSUMs in 2012/13 to 2.25 million wSUMs in 2013/14. With this, the price per wSUM has reduced from £183.02 in 2012/13 to £174.63 in 2013/14.

Student numbers (measured in FTEs) have remained relatively stable in recent years. However, staff numbers have been falling. For example, in the second quarter of 2013, staff numbers were down 5 per cent from the same period the previous year.

SCOTTISH GOVERNMENT PRIORITIES

College Regionalisation

Colleges are currently undergoing significant changes in relation both to funding and governance. The main changes to governance arrangements are outlined in SPICe Briefing: *College Regionalisation* (Macpherson, 2013). The Scottish Government's proposals for post 16 reform were first outlined in *Putting Learners at the Centre* (Scottish Government, 2011a) and *Proposals for Implementing Putting Learners at the Centre* (SFC and Scottish Government, 2011). The Scottish Government has since taken forward legislation to give a statutory underpinning to the changes taking place in Scotland's colleges. The *Post-16 Education (Scotland) Act 2013* received Royal Assent on 7 August 2013.

The main outcome of recent policy developments has been the reorganisation of colleges into 13 regions and a significantly increased focus of college activity on young people's employability. Annexe 1 sets out progress towards college regionalisation in Scotland as this stood in November 2013.

Youth employability

A range of policy measures are being pursued to increase participation in education, employment and training among young people. The Opportunities for All guarantee began on 1 April 2012. It involves activity by a range of stakeholders, including local authorities, colleges, SDS and Jobcentre Plus bringing together existing national and local policy priorities with the aim of improving the rate of participation by young people aged 16-19 in learning, training and employment. It builds on 16+ Learning Choices and More Choices, More Chances, setting out a guarantee of an offer of a place in learning or training to every young person aged 16-19, focusing specific attention on those young people at risk of not engaging in education, training or employment.

Efficiencies

A central concern emerging in guidance to the college sector during this period has been securing efficiencies in use of resources and outcomes achieved from activity. In part, the regionalisation of colleges is seen as one route to achieve this aim. There has also been increased focus on delivery of accredited courses and facilitating transfer from further onto higher education for increasing numbers of students (Russell, 2012b).

Outcome Agreements

In academic year 2012/13, colleges for the first time were required to produce outcome agreements that specified the outcomes that they would deliver against the funding they receive from the SFC. Guidance issued by the Cabinet Secretary for Education and Lifelong Learning ("the Cabinet Secretary") on 4 October 2012, set out a requirement that outcome agreements offer "a small number of high level measures that are increasingly outcome focused, demonstrating how colleges are delivering our priorities and meeting key milestones in doing so" (Russell, 2012b).

Table 1 provides an overview of the key priorities for further education as set out in the last three years of Ministerial guidance to the SFC.

Table 1: Priorities highlighted in Ministerial letters of guidance to the Scottish Funding Council: 2012/13 to 2014/15

Priority	2012/13	2013/14	2014/15
Maintaining college places		Funding for wSUMs via SFC funding to colleges and Employability Funds (EF)	Maintain volume of provision of wSUMs at 2013/14 levels, including EF places
Protecting levels of student support	Protect student support budget	Increase the value of student bursaries by at least inflation	Protect student bursaries, increase by inflation
Efficiency savings	“Substantial savings” to be achieved through mergers, collaborations and more coherent planning	Continuing progress toward “a system of large, effective, regional colleges” through college mergers and new governance arrangements	Continued priority to achieve efficient and effective regional structures for colleges, including putting structures in place for multi-college regions.
Prioritising learning for young people	Guarantee of an offer of a place in learning or training for all 16-19 year olds (“Opportunities for All”), with a similar offer ‘where possible’ to 20-24 year olds	Deliver Opportunities for All (OfA)	Effective delivery of OfA through information sharing between relevant partners.
Learning for employment / improving outcomes from learning	Greater focus on learning aimed at helping people towards employment Focus on retention rates, early leavers “unacceptably high” Improve joint working with SDS, schools, local authorities etc.	Industry linked vocational provision with a focus on employment Ensuring improved progression in access level provision Substantial improvements in the numbers of students completing courses, gaining qualifications, progressing to higher levels, and getting jobs	Support Wood report recommendations to take forward new forms of partnership between colleges and schools to transform opportunities for young people and create competitive economic advantage for Scotland’s employers Implement the reclassification of colleges to public sector bodies from financial year 2014/15
Regional Outcome Agreements	Develop, with colleges, outcome agreements to illustrate the outcomes to be delivered against funding received from the SFC	Continue to improve the outcome agreement process, with greater focus on showing how colleges are delivering on Scottish Government priorities.	

Source: Ministerial guidance letters to the SFC dated: 21 Sept 2011; 25 January 2012; 4 Oct 2012, 28 March 2013 and 21 October 2013.

In his letter of guidance to the SFC on 21 October 2013, the Cabinet Secretary set out a continued commitment to prioritising activity focused on young people in 2013/14, while ensuring that other groups have access to appropriate college provision:

“I expect the SFC to build on the priorities set out in my letter of guidance in March this year. In particular, young people – specifically the Opportunities for All guarantee group – remain my priority; but I want you also to ensure a relevant range of provision for other learners – including women returners and people with disabilities – and improvements in learner success.” (Russell, 2013a)

This letter of guidance highlighted a similar message to that set out in the previous year about the need for continuity and stability while continuing to make progress on reform, including implementation of the Post-16 Education (Scotland) Act. It also stated that colleges should maintain in academic year 2014/15 the same volume of teaching provision as the target that was set for 2013/14 – so achieving a total of 2.25 million wSUMs in 2014/15.

SCOTTISH GOVERNMENT BUDGET

This section looks in more detail at the funding allocation made by the Scottish Government to the SFC and SDS. This funding allocation is made by the Scottish Government on a financial year basis to support the delivery of further education within colleges in Scotland.

As well as looking in detail at the final funding allocations for 2013/14 and draft funding for 2014/15, this section considers the changes in funding that have taken place during the current spending review period, notably in the revenue funding allocation to the SFC for further education.

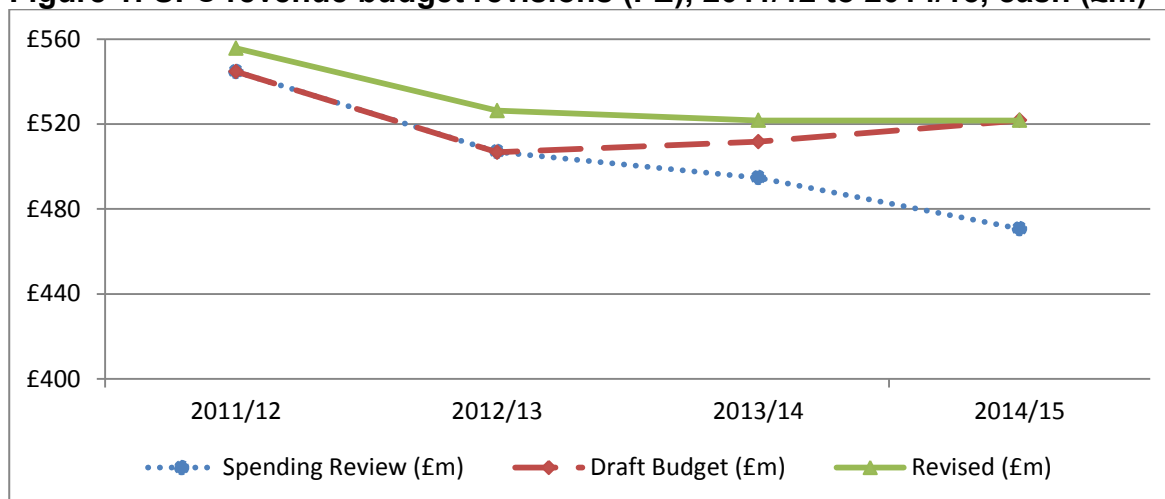
SCOTTISH GOVERNMENT FUNDING TO SFC

The budget allocation to the SFC for further education as set out in the Scottish Government *Spending Review 2011 and Draft Budget 2012/13* (Scottish Government 2011b) indicated a planned annual reduction in further education revenue funding from £544.7 million in financial year 2011/12 to £470.7 million in financial year 2014/15¹.

Since these budget allocations were reported in the 2012/13 draft budget, there have been substantial revisions to the SFC further education revenue budget. The details of these changes are discussed further later in this briefing. [Figure 1](#) shows the funding allocations as set out in: (a) the spending review 2011 and draft budget 2012/13; (b) the draft budget reported each year; and (c) final budget allocations after all in-year changes are included for each year.

¹ The figures corresponding to Figure 1 are available at Table 4 in Annexe 2 (column 2 shows Spending Review allocations)

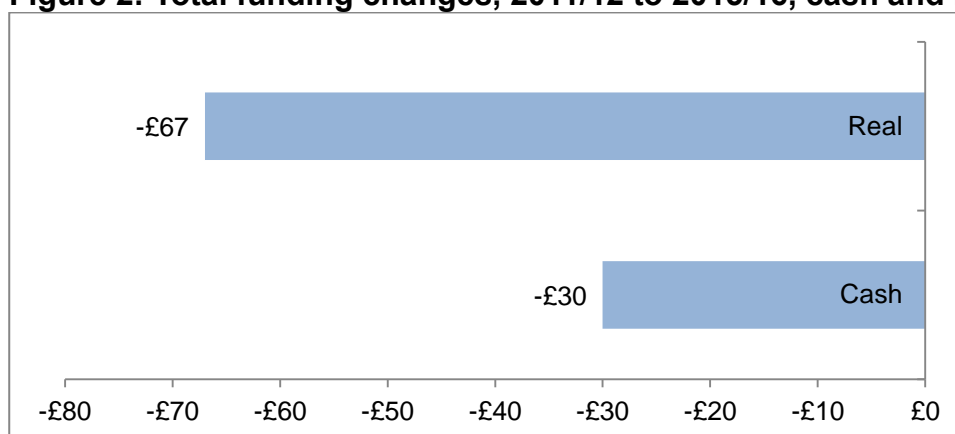
Figure 1: SFC revenue budget revisions (FE), 2011/12 to 2014/15, cash (£m)



See Table 4 at Annexe 2

As [Figure 2](#) shows, in cash terms, there has been a reduction in the total revenue funding to colleges during this spending review period – a total of £30 million in final cash allocations between 2011/12 and 2015/16. In real terms, the reduction in funding over this period is £67 million.

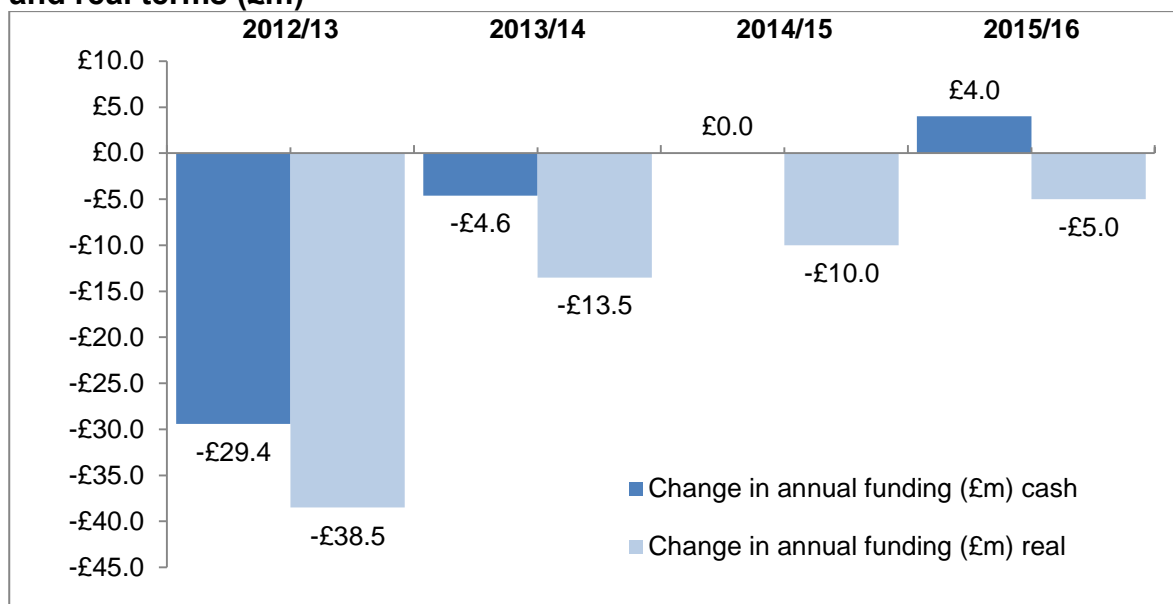
Figure 2: Total funding changes, 2011/12 to 2015/16, cash and real terms (£m)



See Table 5 at Annexe 2

[Figure 3](#) shows an annual reduction in funding in both 2012/13 and 2013/14. However, in cash terms, funding is to stay at the same level in 2014/15 and to rise by £4 million in 2015/16. Looking at these same annual allocations in real terms shows reductions in funding each year, the largest in 2012/13 when funding reduced by £29.4 million in cash terms or £38.5 million in real terms. Even when looking at 2014/15 which has a draft allocation matching the £521.7 million figure for 2013/14, this funding represents a real terms reduction of £10 million.

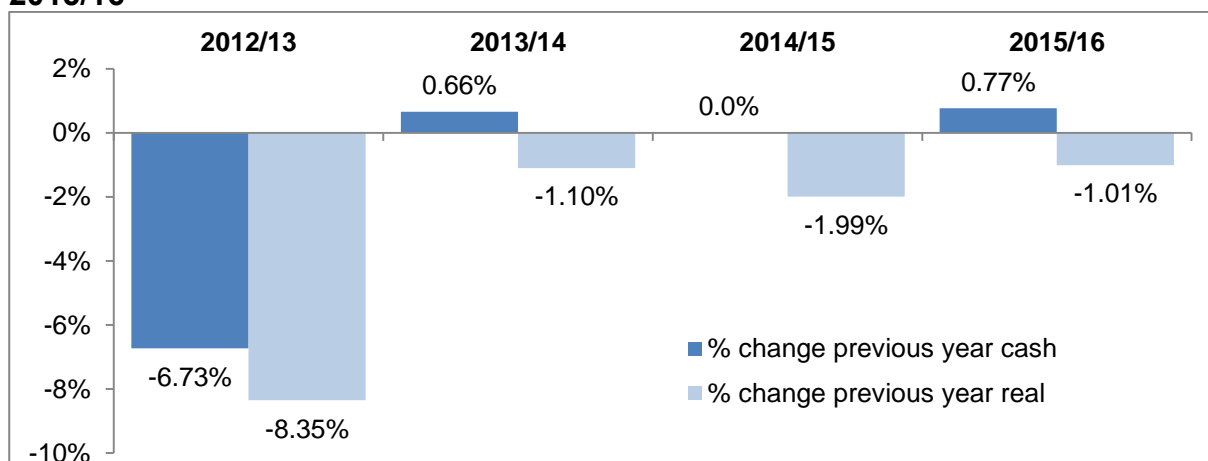
Figure 3: SFC revenue budget (FE), year on year changes, 2012/13 to 2015/16, cash and real terms (£m)



See Table 6 at Annexe 2

As [Figure 4](#) demonstrates, this amounts to an overall funding reduction of 11.6% over this time frame². The biggest percentage change in real terms funding was in 2012/13, when funding reduced in cash terms by 6.73 per cent or by 8.35 per cent in real terms.

Figure 4: SFC revenue budget (FE), year on year percentage change, 2012/13 to 2015/16



See Table 6 at Annexe 2

² NB At the time of writing, the 2014/15 budget is still in draft. As such, further changes to the revenue allocation to colleges could occur prior to the final allocation being confirmed. While planned allocations for 2015/16 have been provided in the accompanying tables for information, these are not reported above, as the figures are still to be confirmed through the draft budget 2015/16.

SCOTTISH GOVERNMENT FUNDING TO SDS

As Table 1 earlier in this briefing notes, in recent years, Ministerial guidance to the SFC on the allocation of funding to colleges has focused increasingly on providing employment focused training for young people at risk of not engaging with education, employment or training. As a result, young people have become a significant focus of the teaching activity delivered by Scotland's colleges. In addition to this being a priority group for Scottish Government funding to the SFC for further education, SDS also receive significant levels of funding from the Scottish Government, much of which is to be directed at providing services to young people.

The Spending Review 2011 and Draft Budget 2012/13 highlights the Scottish Government's commitment to support young people to progress into work. To this end, it is noted that colleges should be refocusing activities towards supporting young people and those who need to up-skill for employment. As well as revenue funding to colleges to provide college places, the Scottish Government allocates a significant amount of funds to SDS to deliver its National Training Programmes, including Modern Apprenticeships, Get Ready for Work, Training for Work³ and Individual Learning Accounts, some of which will be allocated to colleges for delivery of learning programmes. Funding to SDS is also used to provide the Scottish Government's national redundancy service and careers information services.

[Figure 5](#) shows the funding allocation to SDS in the period 2011/12 to 2015/16 in both cash and real terms. This illustrates fluctuating levels of funding during this four year period. For example, there was a reduction in funding from £181.3 million in 2011/12 to £176.4 million in 2012/13, with funding then increased in 2013/14 to £187.4 million.

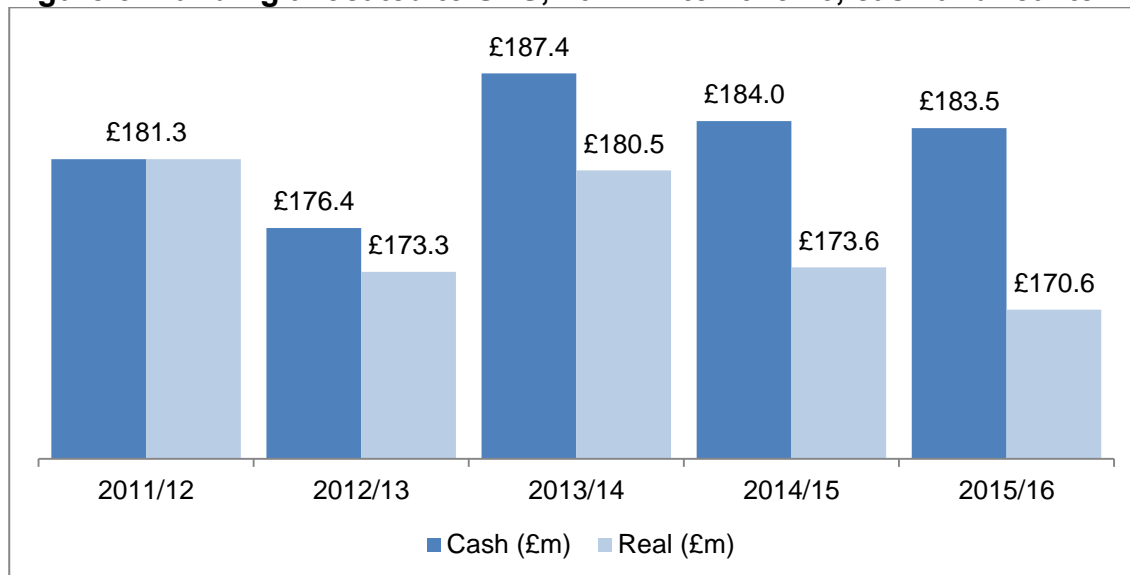
In part, the increase in funding for 2013/14 was intended to cover a shortfall in funding created by the termination of European Social Funds, some of which supported Modern Apprenticeships (SDS personal communication, 18 October 2012).

Draft funding allocation for 2014/15 and planned funding for 2015/16, as set out in the 2014 draft budget, indicates that funding to SDS is to decline in the next two financial years. For example, the cash terms draft allocation to SDS in 2014/15 is £184.0 million, with a planned allocation of £183.5 million in 2015/16. The reduced cash terms funding in 2014/15 is to be met through efficiency savings, such as better use of estates, without impacting negatively on delivery of employability and skills programmes and services (Scottish Government, 2013a).

When looking at the real terms value of the draft funding allocation for 2014/15 and planned allocation for 2015/16, it is clear that there are significant reductions in funding to SDS. For example, the real terms allocation is £173.6 million in 2014/15 and £170.6 million in 2015/16.

³ Get Ready for Work and Training for Work have since 2013 been subsumed into the Employability Fund, which SDS administers.

Figure 5: Funding allocated to SDS, 2011/12 to 2015/16, cash and real terms (£m)



See Table 7 at Annexe 2

As well as the grant in aid funding that is allocated to SDS, a separate budget is available for delivery of the Opportunities for All guarantee. Along with local authorities, the SFC, and other agencies, SDS receive funding to deliver support and services to 16-19 year olds at risk of not engaging in education, employment or training. The budget attached to Opportunities for All, and allocated to SDS for delivery of this guarantee, was £18 million in financial year 2012/13 and £6 million each year in financial years 2013/14 and 2014/15.

CHANGES OVER THE SPENDING REVIEW

In this section, attention turns to the in-year revisions to the allocation of funding to the SFC and SDS. Comparing the allocation of funding to the SFC and SDS as this stood at the time of the *Spending Review and Draft Budget 2012/13* with final funding allocations to 2013/14 shows that each year from 2011/12 to 2013/14 there were significant revisions to the SFC revenue budget.

The key changes to note are:

- £11 million was added to the 2011/12 revenue budget to the SFC at stage 3 of the Budget Bill - £7 million for student support and £4 million for college places (Scottish Government, 2011c)
- £11.4 million of additional funding in 2012/13 was announced at stage 3 of the Budget Bill 2012/13 – to be allocated to the SFC to distribute to colleges for student support (Scottish Parliament, 2012d)
- £8 million of additional funding in 2012/13 was announced at stage 3 of the Budget Bill 2012/13 – to be allocated to the SFC to “help colleges play their part in delivering Opportunities for All commitments” (Scottish Parliament, 2012d)
- £17 million of additional funding in 2013/14 was set out in the draft budget 2013/14 – to be allocated to the SFC: £11 million for student support and £6 million for college places (Scottish Government, 2012a)

- £10 million of additional funding in 2013/14 was announced at stage 3 of the Budget Bill 2013/14 – to be allocated to the SFC for colleges (Scottish Parliament, 2013b)
- The £521.7 million of revenue funding for further education allocated to the SFC for 2013/14 is to be retained for 2014/15 (Scottish Parliament, 2013b)

On 3 February 2014 the Scottish Government announced funding of £13 million for an additional 3,500 new college places. These additional places are to be funded through the SFC Skills for a Competitive Workforce project and European Social Fund (Scottish Government, 2014). Communication with the Scottish Government suggests that these additional places are to be delivered during the remainder of academic year 2013/14 and through academic year 2014/15. It is also understood that these additional places are not funded from new Scottish Government budget allocation. Rather, they are the result of funding that has previously been allocated to the SFC being used to leverage in funds from the European Social Fund (personal communication, Scottish Government, 18 February 2014).

Employability Fund

In addition to the broad funding changes noted above, one specific area of policy where funding went through notable in-year changes was the new Employability Fund (EF). The EF was introduced on 1 April 2013 to bring together earlier National Training Programmes⁴ with the intention of offering flexible, outcome-focused provision for individuals that is more responsive to the needs of employers and local labour markets. In its first year, financial year 2013/14, the EF was allocated £52 million. There were two tranches to this funding: £34 million allocated to SDS to contract services; and £18 million allocated to the SFC to support colleges to meet the Opportunity for All guarantee. More information on both tranches of funding is provided below.

Tranche 1 – SDS

As noted above, £34 million of funding was allocated to SDS in financial year 2013/14 to contract the EF. Six million pounds of this budget was to be ring-fenced for provision of college places, while the remaining £28 million of funding was subject to open procurement, with SDS managing this process.

The £34 million SDS tranche was to deliver 17,150 individual training places (Constance, 9 April 2013), made up of 14,500 places contracted through open procurement and 2,650 places ring-fenced for delivery by the college sector (personal communication, Scottish Government, January 2014).

Tranche 2 – SFC

The allocation of £18 million to the SFC for the EF represents a change in the way that this funding was originally allocated. In his letter of guidance to the SFC on 4 October 2012, the Cabinet Secretary stated that £24 million of revenue funding from the SFC further education allocation was to be transferred to SDS to deliver the goals associated with the EF.

⁴ Get Ready for Work, Lifeskills, Training for Work, Targeted Pathways to Apprenticeships and the New College Learning Programme

The £24 million to be transferred from SFC to SDS was still to fund college places, but this funding was to be administered by SDS rather than the SFC. However, this decision was later reversed, when a further letter of guidance, sent by the Cabinet Secretary to the SFC on 9 January 2013, stated that only £6 million of funding for the EF was to be transferred to SDS. The remaining £18 million was to stay with the SFC (Russell, 2013b). This £18 was to be used by colleges to contribute to delivery of the Opportunity for All guarantee by offering college places to 16-19 year olds.

It has been suggested that the reason for the reversal of this decision was to offer the college sector stability at a time of significant change. In this same vein, this arrangement is to continue in financial year 2014/15 (personal communication, Scottish Government, January 2014).

SFC ALLOCATIONS TO COLLEGES

In this second section, figures are presented on the allocation of funding from the SFC to individual colleges, and college regions. The college sector receives a significant proportion of its income from the Scottish Government via allocations from the SFC. For example the college sector received approximately 73 per cent of its income from this source in 2011/12 (Audit Scotland, 2013). At present⁵, funding is allocated to colleges on an academic year basis (from August one year to July the next). This means that funding is allocated by the Scottish Government to the SFC on a financial year basis, while the SFC allocate funding to colleges on an academic year basis. The figures presented below represent academic year allocations to colleges by the SFC.

The decisions as to how the SFC allocates funding to colleges is informed by the direction provided in the annual Ministerial Letter of Guidance issued by the Cabinet Secretary in October each year, and any supplementary guidance issued in-year where required. Table 1, noted earlier, indicated the main priorities for further education funding over the last three years.

Revenue Funding

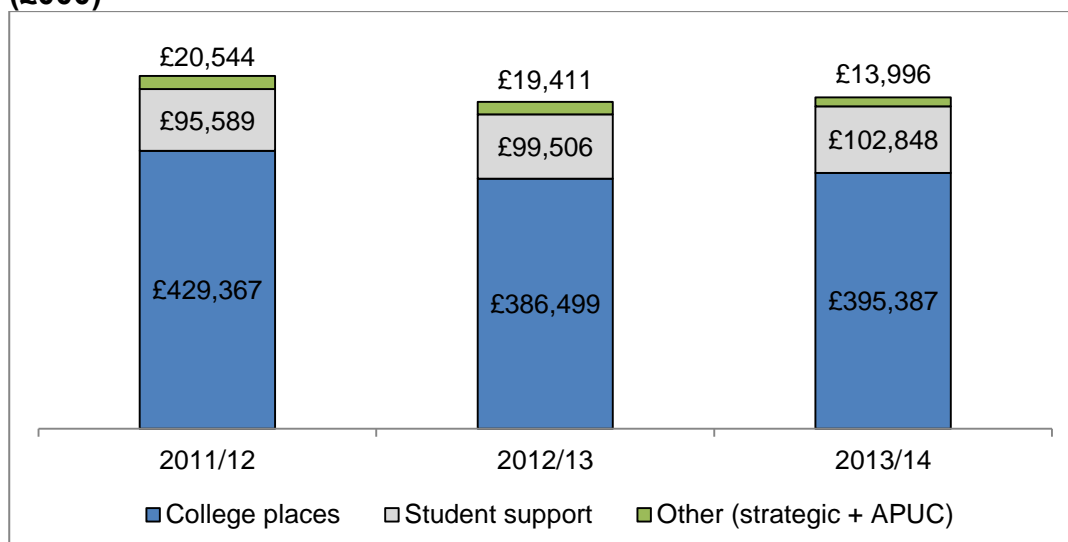
[Chart 1](#) shows the total funding allocations from the SFC to colleges in academic year 2011/12, 2012/13 and 2013/14. This funding is allocated for college places, student support and strategic funds.

Over these three academic years, total revenue funding allocated by the SFC to colleges has fallen from £545.5 million in 2011/12 to £512.2 million in 2013/14. This represents a cash terms reduction in funding of £33.3 million between 2011/12 and 2013/14.

Most of the reduction is in funding for college places, which fell from £429.4 million in academic year 2011/12 to £395.4 million in academic year 2013/14. In contrast, over this three year period, funding for student support has increased from £95.6 million to £102.8 million.

⁵ With colleges in Scotland to become public bodies from April 2014 it is likely that in future years funding and accounting for this sector will be on a financial year basis.

Chart 1: SFC revenue funding for further education, 2011/12 - 2013/14, cash terms (£000)



See Table 6 in Annexe 3

Capital Funding

Kidner (2012) noted that capital grants to colleges increased substantially between financial year 2000/01 and 2010/11. This investment has resulted in nearly one third of the total building space in Scotland's colleges having been constructed since 2000. From a peak of £109 million capital funding in financial year 2010/11, capital funding to colleges stands at £28 million in 2013/14, with a draft allocation of £26.6 million in 2014/15.

For substantive new build projects, the Scottish Government is using revenue funded NPD⁶ to invest in the college estate including £200m in Glasgow, £50m in Inverness and £50m in Kilmarnock. These projects will be financed through charges to colleges' future revenue budgets. Colleges are expected to fund preparatory costs for these projects through their current capital budgets. Ministerial guidance asked the SFC to: "exercise rigorous scrutiny and challenge on those preparatory costs, including requiring the colleges involved to make as full a contribution to them as they can." (Russell, 2012b).

College Regionalisation

In recent years, colleges in Scotland have been going through a significant period of change as a result of the move to regional college provision (Macpherson, 2013). From a total of 41 in 2010, the number of publicly funded colleges in Scotland reduced to 25 by November 2013. Annexe 1 lists the colleges and progress of mergers and collaborations at November 2013.

The Scottish Government's College Transformation Fund (totalling £15 million) and the SFC's strategic funding for mergers and collaborations (totalling £37.7 million) amounts to approximately £52.7 million of funding for college regionalisation over financial years 2011/12 to 2015/16. The £15 million from the Scottish Government was allocated to colleges in academic year 2012/13, while the SFC strategic funding for mergers and collaboration has been allocated as follows:

⁶ NDP refers to "Non Profit Distributing". It involves capital projects being paid for over 20 to 30 years through revenue budgets after they are built.

Year	£
2011/12	£4,667,297
2012/13	£11,484,686
2013/14	£17,339,683
2014/15	£4,211,310
Total	£37,702,976

Source: personal communication with Scottish Government official (October 2013)

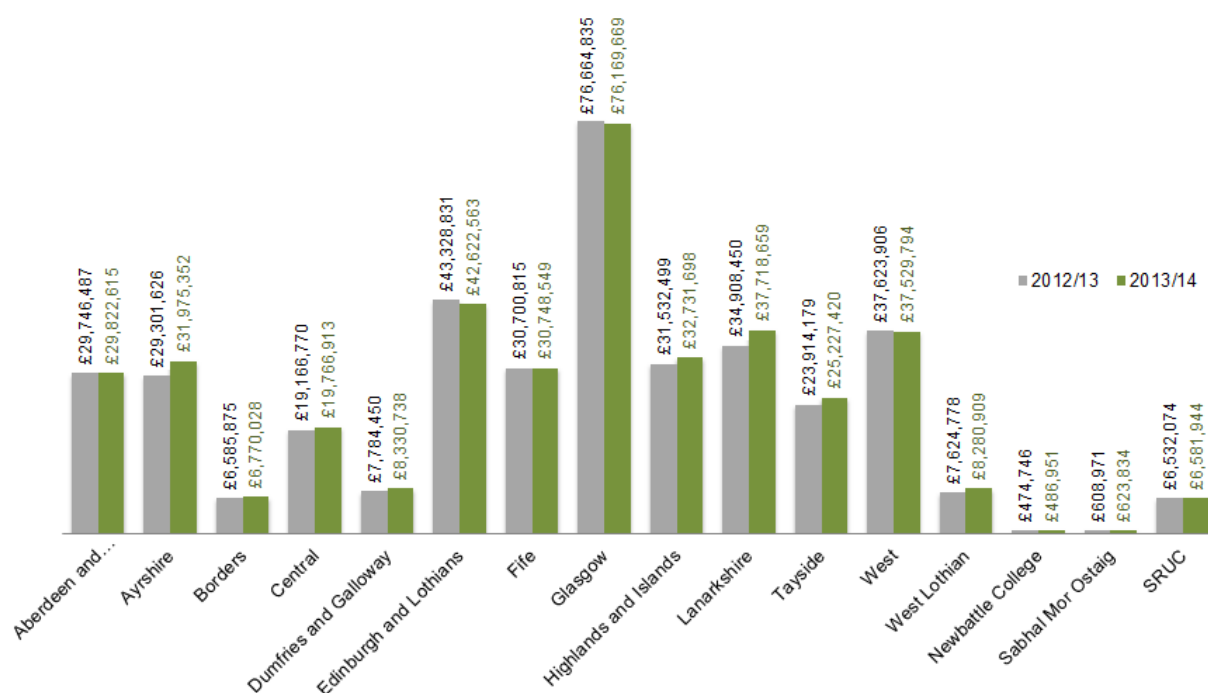
The Auditor General, when giving evidence to the Public Audit Committee on 2 October 2013, noted that - as well as funding from the SFC and the Scottish Government for merger and collaboration activity - colleges were expected to meet approximately half the cost of merger and collaboration. The actual level of contribution from individual colleges would vary by the resources available and the costs incurred by individual colleges. A significant cost of mergers and collaborations is severance payments when staff redundancies occur. The most up to date figures available are for 2011/12 (see Audit Scotland, 2013). These show that severance costs were £21 million in 2011/12 (Scottish Parliament, 2013a). Given that mergers and regionalisation activity was only at a very early stage in financial year 2011/12, the severance costs to Scotland's colleges in the years since then could be significantly higher. To illustrate, figures published by the Scotsman on 18 August 2013, reported that £42 million had been spent on voluntary severance since the merging of Edinburgh's three colleges in 2012 (Marshall, 2013).

Regional Funding: Teaching and Fee Waiver

Until academic year 2012/13, funding from the SFC to colleges was allocated directly to individual colleges. In that year, funding allocations from the SFC to colleges was reported, for the first time, as allocations to individual colleges and regions. Given that college regionalisation was still at an early stage at the start of academic year 2013/14, funding for this academic year has been allocated to regions, although information on the allocation to individual colleges within regions was also reported.

[Chart 2](#) shows the teaching and fee waiver grant allocation from the SFC to college regions in academic years 2012/13 and 2013/14. There were no major changes to the allocation of funds to specific regions in this period, although some changes are notable. For example, Lanarkshire had a cash terms funding increase of £2.8 million between 2012/13 and 2013/14, Ayrshire's funding increased in cash terms by £2.7 million, Tayside's funding increased by £1.3 million and Highlands and Islands by £1.2 million. In contrast, Edinburgh's funding reduced in cash terms by £700,000 and Glasgow's by £500,000.

Chart 2: Teaching and fee waiver funding, 2012/13 and 2013/14 (£), cash terms



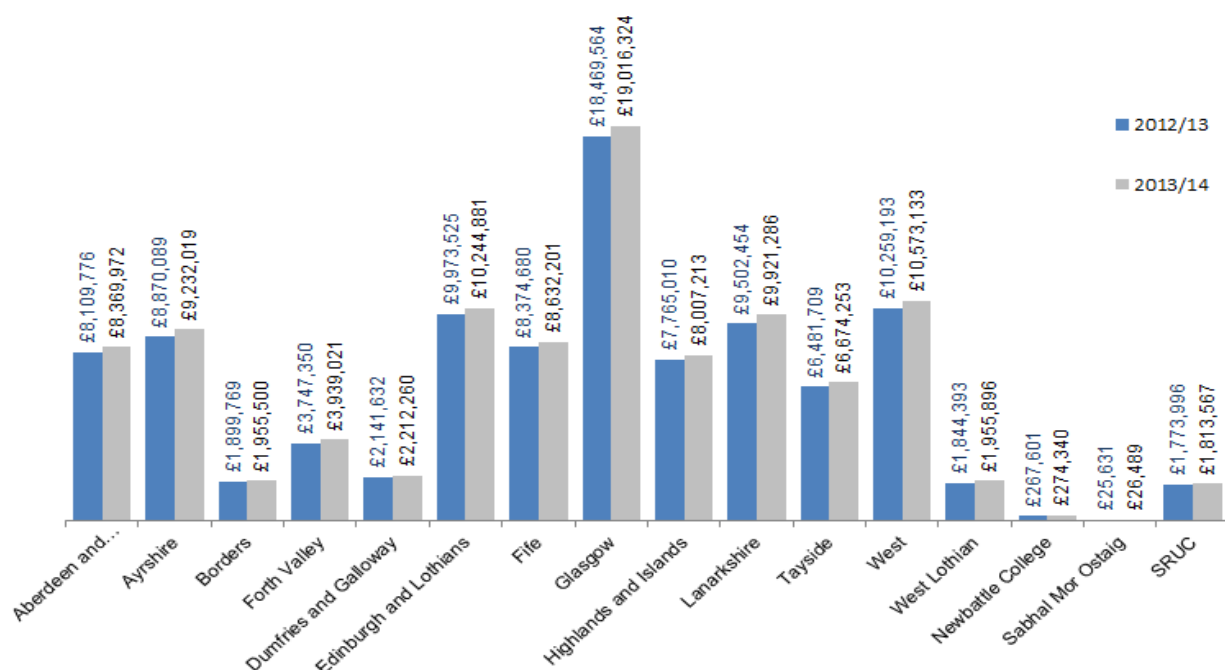
See Table 7 at Annexe 3 for figures corresponding to the table above, as well as for allocations to individual colleges within each region.

Regional Funding: Student Support

[Chart 3](#) shows student support allocations to regions in academic years 2012/13 and 2013/14. Each region has seen cash terms increases in student support funding in these two academic years. The increases represent only a marginal rise in funding in each area, with the largest cash terms increase, of over £500,000, going to Glasgow. Given the relatively large budget allocated to Glasgow, this does, however, only a 2.9 per cent cash terms funding increase.

Looking at proportionate changes in funding shows that the largest increase in funding for student support in academic 2013/14 was to West Lothian (5.7%), while the smallest increase was to Scotland's Rural College (SRUC), which represented a cash terms increase of less than 2.2 per cent.

Chart 3: Regional allocations - student support, 2012/13 and 2013/14 (£), cash terms



COLLEGE PLACES

A central focus of policy in Scotland in recent years has been to maintain the number of college places through a mixture of efficiency savings and targeted funding. Additional funding allocations in 2012/13 and 2013/14 have largely focused on maintaining and increasing provision for young people in order to tackle youth unemployment (Scottish Parliament, 2013). However, in 2013/14, in response to concerns about the significant focus on young people, the Scottish Government has requested that the SFC ensure that additional funding allocated in 2013/14 is used to provide places for women returners and disabled people of working age.

[Table 2](#) summarises the teaching funding and wSUMs targets for 2013/14. It shows that there was £386.5 million allocated by the SFC to fund 2.11 million wSUMs in academic year 2012/13 and £395.4 million to fund 2.26 million wSUMs in 2013/14. The price of a wSUM has dropped between 2012/13 and 2013/14. For example, the price per wSUM in academic year 2012/13 was £183.02, while in 2013/14 the price per wSUM was £174.63.

Table 2: wSUMS targets and college funding 2013/14

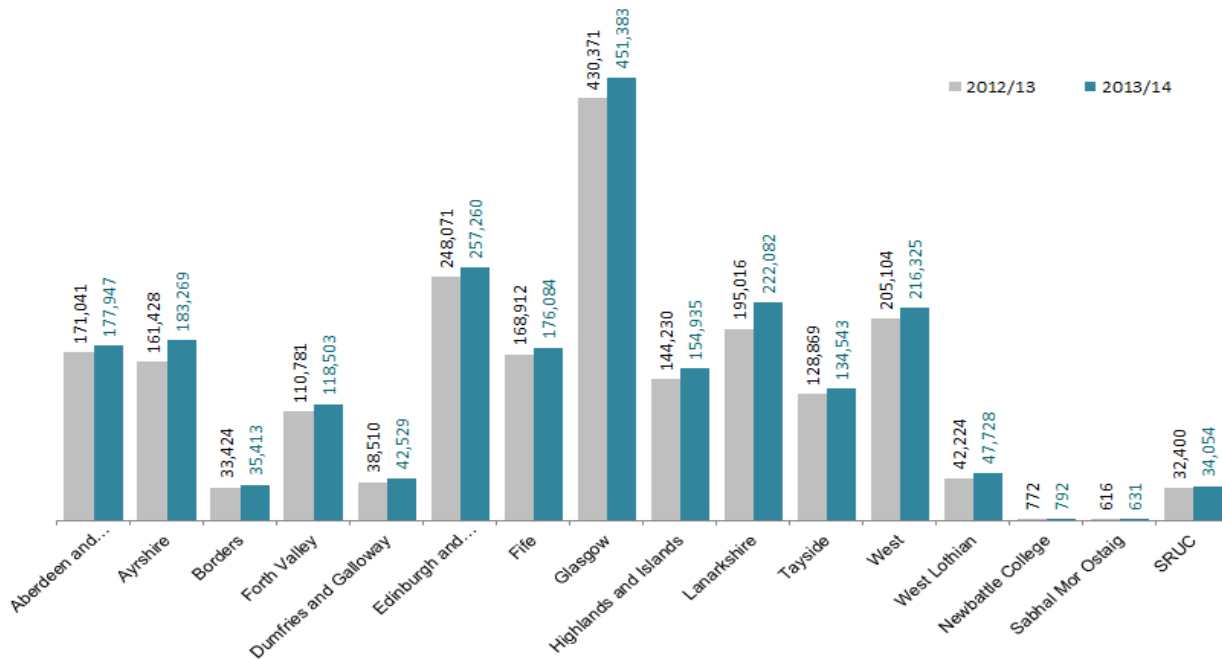
	wSUMs	Funding: Academic Year (£m)
Baseline 2012/13	2,111,770	£386.5 million - final SFC allocation for 2012/13
<i>2013/14 allocation:</i>		
	2,253,480	Teaching and fee waiver - £393.5 million
	10,550	additional funding* - £1.855 million
Total	2,264,030	£395.4 million

See Tables 10 and 11 in Annexe 2 for further details on the regional level figures for student support and wSUM allocations in academic years 2012/13 and 2013/14. * A funding allocation of £1.855 million to provide 10,055 additional wSUMs was distributed between North Highland, Coatbridge and Angus College in academic year 2013/14.

[Chart 4](#) shows the wSUM targets set by the SFC for each college region in academic years 2012/13 and 2013/14. In all regions, the total target wSUMs to be delivered has risen. The result is an overall increase in the wSUM target for all colleges from a total of 2.11 million wSUMs in 2012/13 to 2.26 million in 2013/14 (see Table 2).

As Chart 4 shows, the increase in the wSUM target varies between regions. Some regions (e.g. Aberdeen and Aberdeenshire, Edinburgh and Lothians, Glasgow and Fife) have only seen a relatively small proportionate rise in wSUM targets for academic year 2013/14. Other regions, however, have seen larger increases in the wSUM target for 2013/14 (e.g. Ayrshire, Lanarkshire and West Lothian).

Chart 4: Regional wSUM targets⁷, 2012/13 and 2013/14



See Table 9 at Annexe 3

⁷ The wSUM targets presented here do not include the funding for additional places coming from additional strategic funds (allocated to Highlands and Islands, Lanarkshire and Tayside).

STUDENT AND STAFF NUMBERS

Although student numbers (measured as FTE) have remained relatively stable in the period between academic years 2007/08 and 2012/13, staff numbers (also measured as FTE) have been reducing in recent years. As Table 3 shows, there was a drop in staffing levels of 9.3 per cent between 2010 and 2012. There was a further drop of 4.8 per cent between 2012 and 2013.

Table 3: Trends in student / staff numbers (FTE), 2007/8 to 2013/14

	students (FTE)	staff (FTE)	annual % change (staffing)
2007/08	131,429	12,200	
2008/09	133,149	12,400	*
2009/10	134,918	12,300	*
2010/11	134,546	11,700	-5.0%
2011/12	133,199	11,900	*
2012/13	131,421	10,800	-9.3%
2013/14		10,300	-4.8%

*changes in percentage too small to report

Sources: Student numbers drawn from SFC InFact database, with data available to academic year 2012/13. Staff numbers drawn from Scottish Public Sector Employment statistics (Scottish Government, 2013). Staff data is for quarter 2 of the relevant year. Staff FTE figures have been rounded to the nearest hundred.

Giving evidence to the Public Audit Committee on 2 October 2013, the Auditor General for Scotland noted that colleges reduced their recurring staff costs by £56 million in real terms between 2010/11 and 2011/12. As staff costs account for approximately 60 per cent of college spending, the Auditor General observed that it is unsurprising that staff numbers have reduced at a time of college mergers and funding reductions/efficiencies. The Auditor General did, however, note caution with regard to making significant staffing cuts:

“[cutting staff] creates risks, and it is important that colleges retain the right skills and experience that they need to maintain the quality of education that they deliver” (Scottish Parliament, 2013a).

ANNEXE 1: COLLEGE REGIONALISATION AT NOVEMBER 2013

Region	Colleges	Date of merger ⁸
Aberdeen and Aberdeenshire	North East Scotland College* Aberdeen College Banff and Buchan College	November 2013
Ayrshire	Ayrshire College Ayr College James Watt College (Ayrshire) Kilmarnock College	August 2013
Borders	Borders College	N/A
Forth Valley	Forth Valley College	N/A
Dumfries and Galloway	Dumfries and Galloway College	N/A
Edinburgh and Lothians	Edinburgh College Stevenson College Telford College Jewel and Esk College	October 2012
Fife	Fife College Adam Smith College Carnegie College	August 2013
Glasgow (multi-college region)	City of Glasgow College Central College Glasgow Glasgow College of Nautical Studies Glasgow Metropolitan College	September 2010
	Glasgow Clyde College Anniesland College Cardonald College Langside College	August 2013
	Glasgow Kelvin College* John Wheatley College North Glasgow College Stow college	November 2013
Highlands and Islands (multi-college region)	Inverness College UHI Lews Castle College UHI Moray College UHI North Highland College UHI Orkney College UHI Perth College UHI Sabhal Mòr Ostaig UHI Shetland College UHI West Highland College UHI	
Lanarkshire (multi-college region)	New College Lanarkshire* Cumbernauld College Motherwell College	November 2013
	Coatbridge College to merge with New College Lanarkshire at a later date	<i>April 2014</i>
	South Lanarkshire College	
Tayside	Dundee and Angus College*	November 2013

⁸ Where there is no date of merger noted in this table, this either means there is no merger planned or there are not multiple colleges in the region that require to merge to form a regional college.

	Angus College Dundee College	
West	West College Scotland Clydebank College James Watt College (Inverclyde) Reid Kerr College	August 2013
West Lothian	West Lothian College	N/A

ANNEXE 2: TABLES ASSOCIATED WITH FIGURES 1-5

Table 4: SFC revenue budget revisions (FE), 2011/12 to 2015/16, cash (£m)

Financial Year	Spending Review (£m)	Draft Budget (£m)	Revisions (£m)	Revised (£m)
2011/12	544.7	544.7	11 ^b	555.7
2012/13	506.9	506.9	11.4 ^c +8 ^d	526.3 ^g
2013/14	494.7	511.7 ^e	17 ^d +10 ^f	521.7
2014/15	470.7	521.7		521.7
2015/16	525.7 ^a	525.7		525.7
Change	-£19m	-£19m	+£49.4m	-£30m

(a) Figures for 2015/16 were not published in the Spending Review 2011 and Draft Budget 2012/13; these were first reported in Draft Budget 2014/15 (Scottish Government, 2013b) (b) £7 million for student bursaries and £4 million for college places (Scottish Government, 2011c) (c) Additional funding for student support announced at Budget Bill 2012/13 Stage 3 (Scottish Parliament, 2012b) (d) An additional £8 million was announced at stage 3 of the Budget Bill 2012/13 to be allocated to SFC “to help colleges play their part in delivering Opportunity for All commitments” (Scottish Parliament, 2011d) (e) an additional £17 million of funding to the SFC for further education (£11 million student support and £6 million for college places) was reported in the Draft Budget 2013/14 (Scottish Government, 2012a) (f) At stage 3 of Budget Bill 2013/14 a further £10 million for colleges was announced – with this same funding level also allocated in 2014/15 (Scottish Parliament, 2013b) (g) the final revenue budget allocation from SG to SFC in 2012/13 was £546.3 million; £15 million for college mergers and £5 million to SDS are not included in totals noted in Table 4.

Table 5: SFC revenue budget revisions (FE), 2011/12 to 2015/16, cash and real terms (£m)

Financial Year	Draft Budget		Final budget	
	cash (£m)	real (£m)	cash (£m)	real (£m)
2011/12	544.7	£544.7	555.7	£555.7
2012/13	506.7	£497.9	526.3	£517.2
2013/14	511.7	£493.0	521.7	£502.6
2014/15	521.7	£492.3	521.7	£492.3
2015/16	525.7	£488.7	525.7	£488.7
Change over period	-£19m	-£56m	-£30m	-£67m

Note: real terms figures calculated using HM Treasury GDP deflators as at December 2013

Table 6: SFC revenue budget, year-on-year changes, cash and real terms (£m)

	Final budget allocation (£m)		Funding change from previous year (£m)		% change on previous year	
	cash	Real	cash	real	cash	Real
2011/12	£555.7	£555.7				
2012/13	£526.3	£517.2	-£29.4	-£38.5	-5.29%	-6.94%
2013/14	£521.7	£502.6	-£4.6	-£14.6	0.87%	-2.82%
2014/15	£521.7	£492.3	£0	-£10.3	0.0%	-2.06%
2015/16	£525.7	£488.7	£4	-£3.6	0.77%	-0.72%

Note: real terms figures calculated using HM Treasury GDP deflators as at December 2013

Table 7: SDS funding 2011/12 to 2015/16, cash and real terms (£m)

	2011/12	2012/13	2013/14	2014/15	2015/16
Cash (£m)	£181.3	£176.4	£187.4	£184.0	£183.5
Real (£m)	£181.3	£173.3	£180.5	£173.6	£170.6

ANNEXE 3: TABLES ASSOCIATED WITH CHARTS 1-4

Table 8⁹: SFC revenue funding for further education, 2011/12- 2013/14

£000's (cash terms)	2011/12	2012/13	2013/14
GENERAL FUNDS			
Funds for college places			
Teaching and fee waiver	420,967	378,388	393,532
Additional funds	8,400	8,111	1,855
Total funds for college places	429,367	386,499	395,387
APUC (procurement project)	1,023	1,000	927
Funds for student support			
Bursary	78,697	78,708	81,274
Discretionary and childcare funds	16,892	20,798	21,574
Total funds for student support	95,589	99,506	102,848
STRATEGIC FUNDS*	19,521	18,411	13,069*
OVERALL TOTAL	545,500	505,416	512,231

Sources: SFC (2011, 2012a, 2012b, 2013a, 2013b, 2013c)

Table 9: Teaching/fee waiver grant, 2012/13 and 2013/14 (£), cash terms

	2012/13	2013/14	Change
Aberdeen and Aberdeenshire	£29,746,487	£29,822,615	£76,128
Ayrshire	£29,301,626	£31,975,352	£2,673,726
Borders	£6,585,875	£6,770,028	£184,153
Central	£19,166,770	£19,766,913	£600,143
Dumfries and Galloway	£7,784,450	£8,330,738	£546,288
Edinburgh and Lothians	£43,328,831	£42,622,563	-£706,268
Fife	£30,700,815	£30,748,549	£47,734
Glasgow	£76,664,835	£76,169,669	-£495,166
Highlands and Islands	£31,532,499	£32,731,698	£1,199,199
Lanarkshire	£34,908,450	£37,718,659	£2,810,209
Tayside	£23,914,179	£25,227,420	£1,313,241
West	£37,623,906	£37,529,794	-£94,112
West Lothian	£7,624,778	£8,280,909	£656,131
Newbattle College	£474,746	£486,951	£12,205
Sabhal Mor Ostaig	£608,971	£623,834	£14,863
Land Based	£6,532,074	£6,581,944	£49,870
TOTAL	£386,499,292	£395,387,636	

Sources: SFC (2012a, 2012b, 2013a, 2013b, 2013c)

⁹ Totals at Chart 1 do not include ESF funding. Total for college places does not include college places distributed via SDS. Figures for 2012/13 and 2013/14 student support include childcare for higher education college students, previously allocated by SAAS. Strategic funds for academic year 2013/14 does not include £15 million structural change (merger and collaboration) funds. For each year, APUC funding is presented in a separate line, but added to the strategic fund total as presented in Chart 1.

Table 10: Student support, 2012/13 and 2013/14, cash (£) and % change

	2012/13	2013/14	change (£)	change (%)
Aberdeen and Aberdeenshire	£8,109,776	£8,369,972	£260,196	3.109%
Ayrshire	£8,870,089	£9,232,019	£361,930	3.920%
Borders	£1,899,769	£1,955,500	£55,731	2.850%
Forth Valley	£3,747,350	£3,939,021	£191,671	4.866%
Dumfries and Galloway	£2,141,632	£2,212,260	£70,628	3.193%
Edinburgh and Lothians	£9,973,525	£10,244,881	£271,356	2.649%
Fife	£8,374,680	£8,632,201	£257,521	2.983%
Glasgow	£18,469,564	£19,016,324	£546,760	2.875%
Highlands and Islands	£7,765,010	£8,007,213	£242,203	3.025%
Lanarkshire	£9,502,454	£9,921,286	£418,832	4.222%
Tayside	£6,481,709	£6,674,253	£192,544	2.885%
West	£10,259,193	£10,573,133	£313,940	2.969%
West Lothian	£1,844,393	£1,955,896	£111,503	5.701%
Newbattle College	£267,601	£274,340	£6,739	2.456%
Sabhal Mor Ostaig	£25,631	£26,489	£858	3.239%
Land Based	£1,773,996	£1,813,567	£39,571	2.182%

Sources: SFC (2012a, 2012b, 2013a, 2013b, 2013c)

Table 11: wSUM targets, 2012/13 and 2013/14, total and % change

	2012/13	2013/14	% change
Aberdeen and Aberdeenshire	171,041	177,947	4.0
Ayrshire	161,428	183,269	13.5
Borders	33,424	35,413	6.0
Forth Valley	110,781	118,503	7.0
Dumfries and Galloway	38,510	42,529	10.4
Edinburgh and Lothians	248,071	257,260	3.7
Fife	168,912	176,084	4.2
Glasgow	430,371	451,383	4.9
Highlands and Islands	144,230	154,935	7.4
Lanarkshire	195,016	222,082	13.9
Tayside	128,869	134,543	4.4
West	205,104	216,325	5.5
West Lothian	42,224	47,728	13.0
Newbattle College	772	792	2.6
Sabhal Mor Ostaig	616	631	2.4
SRUC	32,400	34,054	5.1
Total	2,111,769	2,253,478	6.7

Sources: SFC (2012a, 2012b, 2013a, 2013b, 2013c)

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