



 Scotland's Colleges

Finance CoP Briefing Paper

SFC Further Education Grant Funding Analysis

May 2010

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Comparison of Main Grant in Aid allocations between 2009-10 and 2010-11

Introduction

This short briefing paper provides an analysis of the Main Recurrent grant funding provided by the Scottish Government between 2009-10 and 2010-11.

Results

The results are shown in Appendix 1 of this document.

Executive Summary

Figures produced by SFC show that the main grant award has increased from £653,872k in 2009/10 to £689,807k in 2010/11, a rise of 5.5%. The grant award is split between recurrent funding and capital funding. Recurrent funding has increased from £570,972k to £580,807k in the period under review, a rise of 1.7%. In the same period, capital funding has increased from £82,900k to £109,000k, a rise of 31.5%.

It should be noted that additional economic downturn monies were provided in July 2009 (Circulars SFC 24/09 and 27/09) and additional in-year student funding (SFC 38/09) was also provided. These amounts have not been included by SFC within the comparison of the Main Grant Award. On the other hand, economic downturn money of £8,400k was included by SFC in the 'total general funds' of £552,702k for 2010/11.

To provide a like for like comparison to be made these in-year amounts (for 2009/10) should be considered. The adjusted total grant is therefore £685,472k (2009/10) and £689,807k (2010/11) as shown in Appendix 1. This represents an increase of 0.6%. However, with inflation currently running at 3.4% (Consumer Price Index) and 4.4% (Retail Price Index) this represents a real terms reduction of 2.8% to 3.8%.

If capital grant and student support grant are removed the figures are £499,705k (2009/10) and £496,945k (2010/11). This represents an actual reduction of 0.5% and a real terms reduction of 3.9% to 4.9%.

Assumptions

In circular SFC 14/10, the SFC have made some necessary assumptions with regards to future grant funding. The Scottish Government are now in year 3 of 3 of the latest spending review and with no spending review to take place until after the General Election there are no figures available for FY 2011-12. This impacts on AY 2010-11 as there is no information available about funds from April 2011 to the end of July 2011. SFC have assumed that the budget will be flat between FY 2010-11 and FY 2011-12. By making this assumption, if there are significant changes to the FY 2010-11 budget or to the assumptions about the FY 2011-12 budget following the General Election then in year adjustments to colleges' allocations may be required. SFC note in such circumstances they reserve the right to make in year adjustments to colleges' allocations.

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Analysis of SFC Assumptions

The SFC assumes the budget will be flat between FY 2010-11 and FY 2011-12 and there is a likelihood that in AY 2011-12 SFC may need to make in year adjustments to college's allocations. These in year adjustments could potentially result in colleges being asked to deliver additional WSUMs for the same allocation. i.e. there may be no change or reduction in the allocation of cash, however additional WSUMs delivery could be required.

Economic Downturn Monies

The announcement of £28,100k of additional economic downturn monies in circular SFC 24/09 in July 2009 has led to additional pressures being placed on colleges to ensure they deliver at least 100% of their WSUMs target. Colleges are allowed to fall short of their WSUMs target by 2% without funding being clawed back by SFC. These additional monies which are split £16,100k recurrent funding and £12,000k capital funding have created an expectation that colleges will achieve 100% of their targeted WSUMs throughout 2009-10 and 2010-11 as these monies are utilised.

Student Support Funds

The announcement of £11,900k of additional student support fund monies in circular SFC 38/09 in December 2009 means the increase of 6.2% between 2009-10 and 2010-11, as shown in appendix 1, in fact results in a 7.7% reduction in student funding between the two years. As indicated in appendix 1 note f, it is unlikely that additional funding will be made available this year as it is year 3 of 3 of the government spending review period.

European Funds

This paper does not take account of additional European monies of £6,900k which have been offered as match funding to other funds being distributed by SFC in AY 2010-11. These funds will also be distributed by SFC.

Conclusion

This paper represents a statistical review of the two main grant papers SFC 16/09 and SFC 14/10 and is not a policy review. Our remit did not require discussion of policy.

Appendix 1

Comparison of Recurrent Grant in Aid allocations between 2009/10 & 2010/11

	AY 2009-10 £'000	AY 2010-11 £'000	% change from 2009-10	Note	Data Source (circular)
<u>Recurrent Funding</u>					
Teaching & Fee waiver					
Main Teaching grant	401,489	402,680	0.3%		
Economic downturn		8,400			
Fee waiver	<u>55,709</u>	<u>57,760</u>	3.7%		
Total	457,198	468,840	2.5%	a)	SFC 14/10
Student support					
Bursary	64,131	69,006	7.6%		
FEDF & CCF	<u>14,836</u>	<u>14,856</u>	0.1%		
Total	78,967	83,862	6.2%	b)	SFC 14/10
TOTAL GENERAL FUNDS	536,165	552,702	3.1%	c)	SFC 14/10
TOTAL STRATEGIC FUNDS	34,807	28,105	-19.3%		SFC 14/10
OVERALL TOTAL	<u>570,972</u>	<u>580,807</u>	1.7%	d)	SFC 14/10
Capital Funding	<u>82,900</u>	<u>109,000</u>	31.5%		SFC 14/10
Total Main Grant Award	<u>653,872</u>	<u>689,807</u>	5.5%	e)	
Economic Downturn					
Revenue	7,700			f) & g)	SFC 24/09
Capital	12,000			h)	SFC 27/09
Student Funding	11,900			f)	SFC 38/09
REVISED TOTAL	<u>685,472</u>	<u>689,807</u>			

Note

- a) Total teaching & Fee waiver grant has increased by 2.5% between 2009-10 and 2010-11. This includes £8,400k of economic downturn monies announced under circular SFC 24/09 in July 2009. The like for like increase, removing economic downturn monies would be 0.7% with an uplift of 0.3% in teaching grant.
- b) Student Support monies have increased by 6.2% between 2009-10 & 2010-11. Based on the announcement in circular SFC14/10. This takes no account of the additional £11,900k announced under circular SFC38/09 as a result of the In Year management of student support funds for 2009-10 shown separately below.
- c) The announcements give a rise in total general funds of 3.1% between 2009-10 and 2010-11.
- d) The rise in total general funds and strategic funds is 1.7% between 2009-10 and 2010-11.
- e) The main grant award has increased by 5.5% between 2009-10 and 2010-11. Based on latest available government statistics, on the national statistics website, inflation is anything between 3.4% and 4.4% in March 2010 which gives rise to a real terms increase of between 1.1% and 2.1% from 2009-10 to 2010-11.
- f) The additional economic downturn monies were announced in July 2009 & the student funding monies in December 2009. There have therefore not been any such announcements for AY 2010/11 to date. It is unlikely however that additional funding will be available this year on the grounds that this is year 3 of 3 of the government spending review period. It is not possible at this time to predict what future funding levels will be for the next spending review period and this impacts on the AY 2010/11 as there is no information about what funds will be available from April 2011 to July 2011. There is likely to be a spending review following the UK general election.
- g) There was economic downturn monies announced for 2010-11 of £8,400k at the same time as the £7,700k for 2009-10. These are included within 'total general funds' of £552,703k announced by the Scottish Government in SFC circular 14/10.
- h) Additional capital economic downturn monies were announced under circular SFC27/09 in July 2009 which were paid in November 2009.

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