South Lanarkshire College
East Kilbride

BOARD OF MANAGEMENT

DATE:	7 June 2022
AGENDA REF:	34-22
TITLE OF REPORT:	Credit Update and Forecast
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PURPOSE:	To provide members with an update on progress against the College and Lanarkshire Region credit target.
KEY RECOMMENDATIONS/ DECISIONS:	Members are recommended to: • Note the contents to this paper. • . Note the projected end of year credit forecast. • Note the work of curriculum teams to meet the target. • Note the wider recruitment issues in the sector and the impact on the College • Note the 2022-23 allocation and credit reduction.
RISK	• That failure to meet its core and ESF credit targets may result in funding clawback.
RELEVANT STRATEGIC AIM:	• Successful Students • Highest Quality Education and Support • Sustainable Behaviours
SUMMARY OF REPORT:	• Recruitment across the Scottish college sector has been challenging, with the College experiencing a downturn of 17% and 30% on full and part time applications. Higher Education courses are particularly affected due to increasing pass rates in Higher Grade qualifications and therefore more young people progressing onto university who would have previously enrolled on HN level courses.. • It is anticipated that the College be circa 718 credits under its overall credit target. This is a significant movement from the 3,772-credit projected shortfall reported in February 2022 at the Curriculum, Quality and Development Committee. • The College has met its core and ESF targets. The projected deficit relates to deferred credits, for students who required more time to achieve their programme due to the pandemic. To date the Scottish Funding Council has indicated that there is unlikely to be clawback of funding related to these credits. Provision was made in the budget to mitigate the risk of clawback. • Much work was undertaken by curriculum teams to address the gap, with lessons learned for 2022-23.

	• 2022-23 indicative regional allocation shows a 3.4% in the credits allocated to the Lanarkshire Region, a reduction of 1,444 credits for the College equating to approximately £415k in grant-in-aid.

1. INTRODUCTION

1.1 Members will be aware that the College has been reporting routinely on progress against its credit target since February 2022. At that time the College was showing a significant gap of minus 3,772 credits which equates to approximately just under £1m in terms of funding.

1.2 The purpose of this report is to provide members with a summary of the key actions taken to meet the target as well as to set the 2022-23 indicative credit allocation prior to the confirmation of the final figure by both the Funding Council and the Lanarkshire Regional Board.

2 SECTOR CONTEXT

2.1 Recruitment across the Scottish college sector has been challenging between academic years 2019-20 and 2021-22 with an overall decrease of 9.6% in applications (circa 26,000). The College Development Network's research into the recruitment across the sector shows that in 2021-22 applications have declined by 15.3% in North Lanarkshire and 12% in South Lanarkshire since 2019-20.

2.2 The college sector is undertaking currently research to identify what further work requires to be conducted to support colleges and improve recruitment. The Scottish Funding Council in their interim "*funding guidance*" for academic year 2022-23 has advised that it will focus heavily on ensuring that there is a demand led curriculum with funding going to colleges who can meet the skills gaps within their regions.

2.3 South Lanarkshire College (SLC) was no different from the rest of the sector with a downturn of around 17% and 30% on full time and part time applications respectively, particularly for Higher National courses. This is related to the improvement in Higher Grade pass rates and the number of young people progressing directly to university. In addition, Scottish universities have offered more unconditional places to mature students allowing them to progress directly onto university when previously the majority of these learners would have undertaken HN courses at colleges prior to progressing to degree study.

2.4 The College is currently monitoring recruitment levels carefully to ensure that credit targets will be met for session 2022-23.

3 2021-22 CREDIT ACTIVITY

3.1 As reported to the Curriculum, Quality and Development Committee in February 2022 there was a significant credit gap of 3,772 credits, which curriculum teams have worked hard to reduce. Given the previously reported recruitment challenges the College focussed on meeting its core funding targets before taking on any additional pots of funding. Table 1 below shows a much-improved forecast, with a gap of minus 718 credits.

3.2 *Table 1*

Activity Area	Credit Allocation	Actual Credits To Date	Difference to Target	Planned Additional Activity	Projected Forecast
Total Credit Target (includes core and ESF)	50,035	49,187	-848	130	-718

3.3 As a result of this activity the College has surpassed its core credit allocation of 46,029 and has met its ESF allocation of 3,140. The difference to target is only additional credits that were allocated for deferred student places. However, guidance from the Scottish Funding Council received on 21 March 2022 states that discretion will be applied on the recovery of these deferred funds therefore it anticipated that there will be no clawback of this funding.

3.4 The College has of course put a caveat for a potential shortfall into the mid-year financial review however it is now anticipated that there will be no clawback in funding which will have a positive impact of around £288k on the outturn figure.

3.5 Curriculum teams worked exceptionally hard to meet both core and ESF credit targets by undertaking extensive activities which included:

3.5.1 a further 6 courses in Construction and Care and 4 in Business.
3.5.2 Other activity, which is linked to adding value to our students has included:
3.5.2.1 additional credits to support students for guidance onto the PT HN guidance units.
3.5.2.2 *Keeping Warm* courses to support with recruitment, Preparatory short 4-week Study Skills Programme for students who have already offers for August 2022.
3.5.2.3 Additional personal and social development courses for Graduate and Foundation Apprenticeship students.
3.5.2.4 Completion of additional online Open University courses for a number of HE students to enhance employment and progression.

4 2022-23 FUNDING ALLOCATION

4.1 The Scottish Funding Council indicative funding allocations for academic year 2022-23 have now been released and the Lanarkshire Region is facing a 3.4% cut in its credit allocation. This is the equivalent to 62,567 credits with a reduction in teaching funding grant of approximately £1.5m.

4.2 Based on historical delivery and agreement the College has a regional allocation of 27.1%, and for session 2022-23 it is anticipated that this percentage will remain unchanged. Meetings with colleagues from New College Lanarkshire to agree formally the credit allocation are scheduled to take place during week commencing 24 May 2022. If agreed our overall combined core and ESF College credit target will be 48,591, a reduction of 1,444 credits, which is equivalent to around £415k. As members will be aware the credit allocations to both colleges require to be approved by the Lanarkshire Regional Board.

4.3 Members should note that the SFC have reintroduced a 2% tolerance threshold where colleges would not be subject to funding clawback should they not meet their target within this threshold. However, if colleges consistently do not achieve their targets or overachieve in any 2-year period, then it is anticipated that their targets will be revised.