

FURTHER EDUCATION COLLEGES CAPITAL INVESTMENT PROGRAMMES

FIONA MULLEN

This briefing provides a short overview of the capital projects currently underway within the further education college sector, identifies Scottish Government budget expenditure for FE capital investment and details the individual FE college capital grant allocations for the current spending review period

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THE FE CAPITAL GRANTS BUDGET

The SPICe briefing on the [Draft Budget 2009-10](#) outlines the Scottish Government's spending plans for the financial years 2008-09 to 2010-11. Planned expenditure (at level 3) on capital grants for FE colleges is shown in the table below, both in cash and real terms:

Scottish Funding Council (SFHEFC)	2008-09	2009-10	2010-11	Annual change (£m)		Annual change (%)	
	Budget	Draft Budget	Plans	2009-10 Draft Budget	2010-11 Plans	2009-10 Draft Budget	2010-11 Plans
	£m	£m	£m				
Capital Grants for FE Colleges (cash terms)	89.3	76.9	117.5	-12.4	40.6	-13.9%	52.8%
Capital Grants for FE Colleges (real terms)	89.3	74.8	111.0	-14.5	36.3	-16.3%	48.5%

It can be seen from the table above that, in cash terms, the budget for FE capital grants falls by 13.9% from £89.3 million in 2008-09 to £76.9 million in 2009-10. In 2010-11, expenditure is planned to rise in cash terms by 52.8% from £76.9 million, to £117.5 million and by 48.5% in real terms to £111 million.

In cash terms, total Scottish Government planned expenditure on FE Capital grants over the three year period is £283.7 million.

N.B. The pattern of planned expenditure has altered since the Scottish Budget Spending Review 2007. £20 million from the capital grant baseline for 2009-10 has been re-allocated to affordable housing, and is planned to be returned to the FE capital grant budget line in 2010-11. The total planned expenditure on FE capital grants over the three year period has remained the same.

SCOTTISH FUNDING COUNCIL CAPITAL ALLOCATIONS

The Scottish Funding Council (SFC) is responsible for allocating Scottish Government expenditure on capital grants for FE colleges. The [SFC Circular on Capital Funding for Colleges 2008-11](#), published in May 2008, sets out the Scottish Funding Council's allocation of capital funding for college estates over the three year period.

Formula Based Allocations

The SFC divides the FE capital grant budget (in the table above), between two main capital funding streams to colleges. Firstly, the SFC allocates a proportion of this baseline to all eligible colleges formulaically, i.e. each college receives a baseline capital allocation of £100,000, with the balance of the capital formula grant distributed between colleges based on their level of student activity. Student activity is measured using weighted SUMs (Student Unit of Measurement). One SUM is equivalent to one unit or module of credit for a recognised vocational qualification, or 40 hours of student activity for courses not leading to recognised vocational qualifications. SUMs are then weighted in terms of course type.

In 2008-09, the capital formula grant is £25.7 million. The SFC states in its circular that it expects to be able to increase the capital formula grant by at least 2.7% per annum, so indicative formula allocations for 2009-10 and 2010-11 will be £32.3 million and £38.8 million respectively. The planned formula based capital allocations for each individual college over the period 2008-11 can be accessed [here](#) and in Annex A. It is the intention of the SFC to steadily increase this capital formula grant in order to have a sustainable capital funding stream for colleges in place by 2013-14.

Major Capital Projects

The balance of the FE capital grant baseline is allocated to the SFC's Major Capital Project Programme. This funding for this programme is used to address those priority estates with some of the highest backlog of estate investment. The programme provides large, one-off capital grants to specific colleges for major capital projects, such as new campus buildings or major campus refurbishments. Funding for these projects combines the capital grants with direct loan support, land/asset disposals and college cash reserves. In 2008-09, funding for major capital projects is approximately £64 million (the balance of the FE capital grant baseline after formula grant funding).

As stated in the Circular (as at May 2008), the programme currently has six major projects at different stages of construction across the country, with a further three projects due to commence in the next year. These projects are at:

- Anniesland College
- Borders College
- Jewel & Esk College
- Langside College
- Motherwell College
- North Glasgow College
- Coatbridge College
- Dundee College
- Forth Valley College

These nine projects are the only major capital projects taking place within the 43 Scottish FE colleges during this spending review period. (There are also a further four projects that have been completed during this period. These college projects are at Cardonald, Clydebank, Dumfries & Galloway and South Lanarkshire.)

Seven of the nine current capital projects have a land/asset disposal element of varying size. Langside College and Coatbridge College are not relying on land/asset disposal for funding, as these projects are major refurbishments as opposed to new builds. The SFC is responsible for monitoring the progress of all their major capital projects.

There has been anecdotal evidence to suggest that there is concern amongst FE Colleges about the viability or certainty of FE capital investment projects, due to difficulties with the land/asset disposal element of funding, caused by the current economic climate and depressed property market. According to the SFC, the only project that is experiencing difficulties with the land/asset disposal element of its project is Jewel & Esk College. The SFC have said that it would be very difficult to comment on the likelihood of other colleges experiencing similar problems but that they continue to monitor the situation.

SOURCES

Burnside, R., Dewar, J. and Nicol, S. (2008) *Draft Budget 2009-10* [Online]. SPICe Briefing 08/49. Edinburgh: Scottish Parliament. Available at:
<http://www.scottish.parliament.uk/business/research/briefings-08/SB08-49.pdf> [Accessed 10 November 2008]

Scottish Funding Council. (2008) *Capital Funding for Colleges 2008-11* [Online]. Circular SFC/24/2008. Edinburgh: Scottish Funding Council. Available at:
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ANNEX A – CAPITAL GRANT ALLOCATIONS FOR INDIVIDUAL COLLEGES (SFC, 2008)

College	AY 2008-09 student activity targets		FY2008-09			FY 2009-10			FY 2010-11		
	College percentage of WSUMs		Base allocations	Balance by WSUMs	Total college allocation for FY 2008-09	Base allocations	Balance by WSUMs	Total college allocation for FY 2009-10 (indicative)	Base allocations	Balance by WSUMs	Total college allocation for FY 2010-11 (indicative)
	WSUMs	%	£	£	£	£	£	£	£	£	£
Aberdeen College	151,214	6.5%	100,000	1,413,751	1,514,000	100,000	1,839,186	1,939,186	100,000	2,271,165	2,371,165
Adam Smith College	123,987	5.4%	100,000	1,159,197	1,259,000	100,000	1,508,029	1,608,029	100,000	1,862,228	1,962,228
Angus College	40,114	1.7%	100,000	375,040	475,000	100,000	487,899	587,899	100,000	602,494	702,494
Anniesland College	48,579	2.1%	100,000	454,182	554,000	100,000	590,857	690,857	100,000	729,634	829,634
Ayr College	55,895	2.4%	100,000	522,581	623,000	100,000	679,840	779,840	100,000	839,517	939,517
Banff & Buchan College of Further Education	38,849	1.7%	100,000	363,213	463,000	100,000	472,513	572,513	100,000	583,494	683,494
The Barony College	10,344	0.4%	100,000	96,710	197,000	100,000	125,812	225,812	100,000	155,362	255,362
Borders College	35,615	1.5%	100,000	332,977	433,000	100,000	433,178	533,178	100,000	534,921	634,921
Cardonald College	73,451	3.2%	100,000	686,719	787,000	100,000	893,370	993,370	100,000	1,103,201	1,203,201
Carnegie College	55,730	2.4%	100,000	521,039	621,000	100,000	677,833	777,833	100,000	837,039	937,039
Central College of Commerce	48,185	2.1%	100,000	450,498	550,000	100,000	586,065	686,065	100,000	723,717	823,717
Clydebank College	55,297	2.4%	100,000	516,991	617,000	100,000	672,566	772,566	100,000	830,536	930,536
Coatbridge College	36,922	1.6%	100,000	345,196	445,000	100,000	449,075	549,075	100,000	554,552	654,552
Cumbernauld College	30,678	1.3%	100,000	286,819	387,000	100,000	373,130	473,130	100,000	460,770	560,770

			FY2008-09			FY 2009-10			FY 2010-11		
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	WSUMs	%	£	£	£	£	£	£	£	£	£
Dumfries and Galloway College	41,046	1.8%	100,000	383,753	484,000	100,000	499,234	599,234	100,000	616,492	716,492
Dundee College	106,427	4.6%	100,000	995,022	1,095,000	100,000	1,294,450	1,394,450	100,000	1,598,485	1,698,485
Edinburgh's Telford College	119,197	5.2%	100,000	1,114,414	1,214,000	100,000	1,449,769	1,549,769	100,000	1,790,285	1,890,285
Elmwood College	29,278	1.3%	100,000	273,730	374,000	100,000	356,103	456,103	100,000	439,742	539,742
Forth Valley College	116,690	5.1%	100,000	1,090,975	1,191,000	100,000	1,419,277	1,519,277	100,000	1,752,631	1,852,631
Glasgow Metropolitan College	92,680	4.0%	100,000	866,497	966,000	100,000	1,127,248	1,227,248	100,000	1,392,011	1,492,011
Glasgow College of Nautical Studies	40,272	1.7%	100,000	376,517	477,000	100,000	489,820	589,820	100,000	604,867	704,867
Inverness College	40,881	1.8%	100,000	382,210	482,000	100,000	497,227	597,227	100,000	614,014	714,014
James Watt College of Further & Higher Education	157,669	6.8%	100,000	1,474,101	1,574,000	100,000	1,917,697	2,017,697	100,000	2,368,117	2,468,117
Jewel and Esk College	66,402	2.9%	100,000	620,815	721,000	100,000	807,634	907,634	100,000	997,328	1,097,328
John Wheatley College	34,697	1.5%	100,000	324,394	424,000	100,000	422,013	522,013	100,000	521,133	621,133
Kilmarnock College	53,180	2.3%	100,000	497,198	597,000	100,000	646,818	746,818	100,000	798,739	898,739
Langside College	52,420	2.3%	100,000	490,093	590,000	100,000	637,574	737,574	100,000	787,325	887,325
Lews Castle College	8,935	0.4%	100,000	83,536	184,000	100,000	108,675	208,675	100,000	134,200	234,200
Moray College	26,437	1.1%	100,000	247,169	347,000	100,000	321,548	421,548	100,000	397,072	497,072
Motherwell College	80,865	3.5%	100,000	756,035	856,000	100,000	983,545	1,083,545	100,000	1,214,555	1,314,555

North Glasgow College	48,138	2.1%	100,000	450,059	550,000	100,000	585,493	685,493	100,000	723,011	823,011
Oatridge College	13,740	0.6%	100,000	128,460	228,000	100,000	167,117	267,117	100,000	206,369	306,369
Orkney College	5,048	0.2%	100,000	47,195	147,000	100,000	61,398	161,398	100,000	75,819	175,819
			FY2008-09			FY 2009-10			FY 2010-11		
College	AY 2008-09 student activity targets	College percentage of WSUMs	Base allocations	Balance by WSUMs	Total college allocation for FY 2008-09	Base allocations	Balance by WSUMs	Total college allocation for FY 2009-10 (indicative)	Base allocations	Balance by WSUMs	Total college allocation for FY 2010-11 (indicative)
	WSUMs	%	£	£	£	£	£	£	£	£	£
Perth College	33,432	1.4%	100,000	312,567	413,000	100,000	406,627	506,627	100,000	502,133	602,133
Reid Kerr College	81,711	3.5%	100,000	763,944	864,000	100,000	993,835	1,093,835	100,000	1,227,262	1,327,262
Shetland College of Further Education	5,058	0.2%	100,000	47,289	147,000	100,000	61,519	161,519	100,000	75,969	175,969
South Lanarkshire College	36,998	1.6%	100,000	345,907	446,000	100,000	449,999	549,999	100,000	555,693	655,693
Stevenson College	89,734	3.9%	100,000	838,954	939,000	100,000	1,091,417	1,191,417	100,000	1,347,764	1,447,764
Stow College	53,978	2.3%	100,000	504,659	605,000	100,000	656,524	756,524	100,000	810,725	910,725
The North Highland College	25,630	1.1%	100,000	239,624	340,000	100,000	311,733	411,733	100,000	384,951	484,951
West Lothian College	44,920	1.9%	100,000	419,972	520,000	100,000	546,353	646,353	100,000	674,678	774,678
Total	2,310,323	100.0%	4,100,000	21,600,000	25,700,000	4,100,000	28,100,000	32,200,000	4,100,000	34,700,000	38,800,000