Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

20 November 2026

Neil Bibby MSP
Convener
Public Audit Committee
The Scottish Parliament

By email: publicaudit.committee@parliament.scot

Dear Convener

Public Audit Committee - 10% tolerances

Thank you for inviting me to speak to the Committee last week. At the close of business, I offered to write to you regarding the tolerances in place related to the delivery of credits for colleges and potential recovery of funds.

Our current policy is that if a college under-delivers but is within 2% of its credit threshold then we would not implement any recovery of funds. If it under-delivers by more than 2% then we can implement recovery of funds but, in recognition of fixed costs, we would only implement recovery on 80% of the funding associated with credits.

The reference to a 10% tolerance relates to a previous policy implemented in academic year 2023-24. In that year we replaced credit targets with a credit threshold for colleges. The credit threshold was set at 10% below the previous credit target. However, recognising a flat cash settlement for colleges when inflation was very high, this reduction was balanced with a price increase per credit to ensure that overall funding was maintained and to protect the investment in teaching per individual learner. We stated in our funding announcement that this was the minimum threshold at which colleges' funding would not be at risk of recovery (taking into account the tolerances above). Colleges could also choose to deliver above their threshold.

This approach derisked colleges' exposure to recovery of funds for under-delivery where previously colleges had been struggling to meet credit targets.

Yours sincerely

Helen Cross
Director, Investment & Research