The SQA budget agreed by the Board of Management on 18 March 2021 was fully funded and assumed delivery of the Alternative Certification Model for 2021 and assumes preparations for an exam diet for National Qualifications in 2022 as well as the continuation of other SQA activities. The total budgeted gross expenditure for SQA in 2021-22 is £88 million (£83.6 million resource and £4.4 million capital). This is £7.2 million less than the opening budget agreed for 2020-21. This expenditure is funded from qualifications entry income and other operating income of £46.1 million and Scottish Government Grant in Aid of £41.9 million of which £4.4 million relates to capital funding (Scottish Government Grant is £7.2 million less than contained in the opening budget agreed in 2020-21). The position will be monitored through the year and any reduction in anticipated expenditure would result in a reduction in the agreed grant in aid drawn down from the Scottish Government as was the case in 2020-21.

1. ***Therefore could you please outline how much the alternative certification model is expected to cost this year and break this figure down into the key costs the SQA expects to incur, including how much it expects the appeals process to cost in 2021 and how much has been budgeted for quality assurance and evidence gathering.***

Planning for the 2021 awarding model commenced in October 2020 following the announcement of the cancellation of National 5 exams and the subsequent cancellation of Highers and Advanced Highers and will continue in FY 21/22 until processes are concluded. The total cost of delivering the Alternative Certification Model, therefore spans 2 financial years and is made up of actual spend incurred in 2020-21 and anticipated spend in 2021-22.

Please note that consistent with previous information released, that the table includes only the directly identifiable costs of delivering the 2021 Alternative Certification Model and therefore excludes permanent SQA staff, overheads and other indirect costs. This means that the cost information is not directly comparable with levy income or other qualification entry income. The current estimated cost of delivery of the ACM for 2021 is £6.976 million including £0.639 million for quality assurance, a provision of £2.609 million for appeals, £2.195 million for IT related changes and £1.533 million for other delivery costs. Other delivery costs includes activities such as marketing, amendments to qualifications and assessments, as well as any additional staff roles created specifically for the purpose of delivering Awarding 2021.

1. ***Could you also provide information on how these costs will be covered and outline SQA’s main sources of income, including SQA’s main sources of income for the previous two years so it’s possible to make a comparison between the body’s funding this year as compared to previous years?***

The income SQA receives for National Qualifications only provides a contribution towards the total costs of awarding National Qualifications. This income is primarily from a levy of circa £24.5 million paid by local authorities. Candidate entry fees are also paid by colleges and third parties including independent schools who wish to be certified for qualifications. The balance of SQA’s costs are met by the contribution provided via commercial income and Grant in Aid from the Scottish Government. The value of the levy and the cost of entry fees have remained unchanged since 2012-13 and therefore the levels reported for the last few years remains relatively static. A breakdown for FYs 19/20, 20/21 and 21/22 (budgeted) is shown in the table below. The figures quoted exclude budget provided by the government to cover the costs of depreciation.

As noted above these costs are largely fixed and have not reduced as a result of the cancellation of the exam diet and need to continue to be funded. Therefore, although the NQ income stated below is more than the current anticipated additional costs of the 2021 Awarding model the figures are not comparable.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Main Sources of Income**  | **FY 21/22**  | **FY 20/21**  | **FY 19/20** |  |
| **Budgeted**  | **Actual**  | **Actual**  |  |
|  |  |  |  |  |
| Levy received from local authorities  | 24,497,078 | 24,497,078 | 24,497,078 |  |
| Main Diet Non levy entry income  | 4,706,846 | 4,747,526 | 5,067,043 |  |
| Total Main Diet NQ Income  | 29,203,924 | 29,244,604 | 29,564,121 |  |
| Other Non Diet  Income  | 11,351,076 | 10,818,468 | 12,402,571 |  |
| Total Entry Charges Income  | 40,555,000 | 40,063,072 | 41,966,692 |  |
| Other Income  | 5,600,000 | 5,208,023 | 8,624,650 |  |
| Total Income per SOCNE | 46,155,000 | 45,271,095 | 50,591,342 |  |
| Scottish Government Funding (plus notional) | 38,016,000 | 20,965,000 | 41,441,000 |  |
| **Total Income**  | **84,171,000** | **66,236,095** | **92,032,342** |  |
|  |  |  |  |  |

1. ***In a previous FOI the SQA told me it anticipated that “the cost of awarding National Qualifications in 2021 will be less than had an exam diet been held” – has funding from the Scottish government reduced to reflect this? if so please give details, making it clear how much SQA receives in a typical year and how much it is receiving this year?***

Direct income received by SQA for all our awarding and commercial activities – not just National Qualifications – does not cover the full cost of SQA activities. The remaining net expenditure is funded by Grant in Aid from the Scottish Government. The level of Grant In Aid for FYs 19/20, 20/21 and 21/22 (budgeted) is shown in the table above.

In 20/21 there was a notable reduction in the level of funding we received and this was reflective of the reduction in our operating costs as a result of the cancellation of the exam diet and the wider impact of Covid-19. Please note that the actual figure for 20/21 is net of £24.4 million of Grant in Aid previously agreed but not drawn down from the Scottish Government. In 21/22, the actual cost of delivery of all SQA activities will be monitored closely on a monthly basis and any movement in  the cost of delivery will be communicated to Scottish Government and our level of funding will be adjusted accordingly through the normal formal process.

1. ***Has the levy paid by local authorities reduced to reflect the fact that the ACM will cost less? If so, please give details, making it clear how much SQA receives in a typical year and how much it is receiving this year? If not, could you please outline how much funding the SQA will receive via the levy this year?***

Details of income are provided in the answer to question 2. The SQA budget for 2021-22 as agreed with Scottish Government assumes continued payment of the levy at the existing rate. The costs of awarding National Qualifications, including this year, are greater than the contribution made by local authorities in the form of a levy.

Should you have any further points of clarification or follow up questions please get in touch. We are also happy to provide comment for any publication of the material contained in the response