

Performance & Resources Committee Meeting

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| Date of Meeting | Monday 10 October 2016 |
| Paper Title | 2017/18 to 2019/20 Regional Outcome Agreement: Framework for Development |
| Agenda Item | 8 |
| Paper Number | PRC2-D |
| Responsible Officer | Robin Ashton, GCRB Executive Director |
| Status | Disclosable |
| Action | For Approval |

1. Report Purpose

- 1.1. Consider the key elements for development of the 2017/18 to 2019/20 Regional Outcome Agreement (ROA) and associated strategies.

2. Recommendations

- 2.1. The Committee is invited to **recommend** to the Board of GCRB that this paper is approved as the basis for developing the 2017/18 to 2019/20 ROA.

3. Background

- 3.1. The Committee's terms of reference include oversight responsibilities for performance against the ROA. It is therefore relevant that it is involved in the development of the ROA.
- 3.2. Each year the Scottish Funding Council (SFC) provides guidance to the sector for the development of college regional outcome agreements. In 2013, the SFC decided that whilst funding would remain based on annual allocations, college ROAs would be developed in 3-year cycles, supporting the setting of longer-term, more strategic outcomes. The academic year 2016/17 represents the end of a 3-year cycle and therefore the GCRB is required to develop a new ROA which begins in 2017/18 and looks forwards to 2019/20.
- 3.3. In the three multi-college regions of Glasgow, Lanarkshire and the Highlands and Islands, the ROA will be negotiated and agreed between the SFC and the regional strategic body.

4. SFC Regional Outcome Agreement Guidance for 2017/18 – 2019/20 ROAs

- 4.1. The SFC have not yet formally published their college outcome agreement guidance for 2017/18. However, attached as Annex 1 is a draft copy of their guidance for the development of College Outcome Agreements: 2017-18 to 2019-20. Indications provided that the final publication should not differ significantly and given the

shortening development timescales, it is recommended that for the time being this is used as a basis for regional planning.

- 4.2.** The draft SFC ROA guidance states that an outcome-focused approach has been adopted to improve the outcomes for the individual learner and the Scottish economy as a whole and that they expect ROAs to demonstrate how regions are:
- contributing to a reduction in youth unemployment and improving life chances by providing all learners with the necessary skills to progress into sustainable employment;
 - ensuring provision is efficiently delivered and meets national, regional and local employer needs through the use and analysis of Regional Skills Assessments (RSAs), Skills Investment Plans (SIPs) and other relevant labour market intelligence; and
 - supporting learners to complete their study and achieve successful outcomes.
- 4.3.** The SFC state that the ROA is a joint funding commitment in which the college region should set out the regional context within which a college region operates and the outcomes and outputs that college region will deliver, mindful of this regional context, and in response to Scottish Government priorities.
- 4.4.** Funding is offered on condition that the ROA meets the required standard, particularly in terms of the impact a college region will deliver, ambitions and appropriateness of outcomes and outputs and level of partnership support for its work.
- 4.5.** In most instances it is expected that these outcomes/outputs will correspond to SFC's national performance measures. They will be expressed consistently to aid regional and national aggregation and be set-out to include reference to a baseline position, current progress and a future ambition or target for AY 2017-18.
- 4.6.** In terms of development timeframes, the draft SFC guidance states that they intend to begin discussing the content of 2017/18 ROAs in September 2016 with a well-developed draft due in December 2016 and a final ROA submitted by the end of March 2017.

5. Expectations of Scottish Government

- 5.1.** Attached as Annex 2 is the Interim Letter of Guidance provided by Shirley-Anne Somerville MSP, Minister for Further Education, Higher Education and Science to the SFC on 29 September, 2016.
- 5.2.** The letter sets out the Scottish Government's expectations of SFC for Academic Year 2017-18. Points of note from the Ministerial Letter of Guidance include:
- confirmation that the high level strategic objectives remain essentially unchanged from those set out in the Letter of Guidance (10 September 2015);
 - the current volume of activity across the sector (116,000 FTE) is to be maintained;
 - the widening access agenda is to be taken forward as a priority;

- colleges should work to support developing and improving the learner journey;
- the Scottish Government is looking to the college sector to support the development of employability support services;

6. Funding scenarios

- 6.1.** Due to different governmental timetables, there is currently no firm information on overall funding levels for the college sector in 2017-18 and beyond. However the letter of guidance which sets out the Scottish Government's expectations of SFC for Academic Year 2017-18 also advises that the 2017-18 Draft Budget will be published later this year, and will be set against a backdrop of 'challenging financial circumstances'.
- 6.2.** A cash standstill would be very difficult to manage, especially given significant cost pressures. If the out-turn is a material cash reduction in the total funds available from the Scottish Government, it seems inevitable that there would be reductions in course provision and in major areas of expenditure.

7. Glasgow Region Curriculum and Estates plan

- 7.1.** Members will be aware that a regional Curriculum and Estates implementation Plan was agreed by the GCRB Board which sets out high-level curriculum development plans for the period 2015/16 to 2019/20.
- 7.2.** The latter 3-years of this plan will align directly with the 3-year ROA planning period. In preparation for this, the 2016/17 ROA includes regional commitments to undertake a review of curriculum alignment to the social and economic needs of the region through an evaluation of national and local labour market intelligence, Skills Investment Plans, Regional Skills Assessments, local authority Single Outcome Agreements, economic regeneration plans and any other relevant policy, socio-demographic or environmental information. Following this curriculum review process, a refreshed curriculum development plan will be used to inform the ROA over the period 2017/18 – 2019/20.

8. Draft ROA planning framework

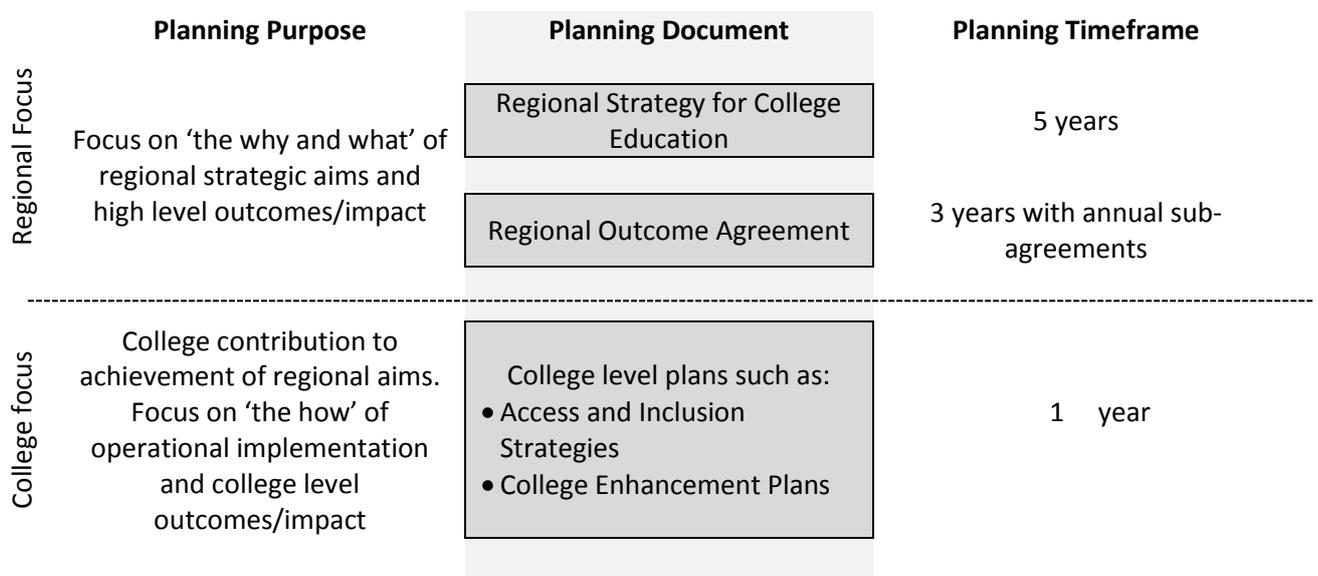
- 8.1.** The strategic and operational planning environment for the Glasgow college region is complex. In particular:
- the SFC require the ROA to contain a regional context statement and an outcome progress table setting out a range of regional performance targets for the 3-year ROA period and for Glasgow this will require targets at both college and regional levels;
 - a number of supporting plans are also required by the SFC in addition to the high level regional overview and outcomes, including development plans for quality enhancement, access and inclusion, gender action, and Developing the Young Workforce (DYW). In Glasgow, whilst the ROA is a regional level plan, much of the focus of these subsidiary plans will be at individual college level; and
 - in addition to the ROA development work, GCRB and the regional colleges are undertaking a process to develop a regional strategic plan for college education and the final ROA will need to support delivery of regional college strategic

goals and align to key partner goals, such as those identified through Community Planning Partnerships.

8.2. Given this content, GCRB need to work out how these strategic and operational planning documents might fit best together within a multi-college environment, and complement/support each other, without leading to duplication or unnecessary work/complexity.

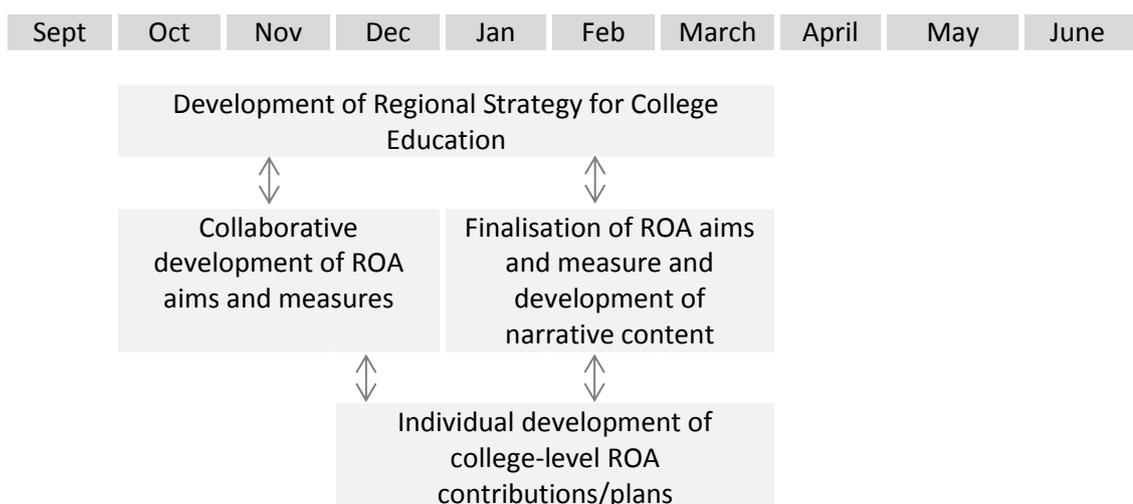
8.3. The diagram below seeks to set out at a high level, broad The diagram below presents a high level overview of how some of these documents might relate:

Figure 1. Overview of Key Regional Strategic and Operational Planning Frameworks



8.4. In terms of broad stages of development, the following timeframes are suggested:

Figure 2. Potential Annual Strategic Review/Development Timeframes



- 8.5.** In line with the above propose timescales, the Performance and Resources Committee would review a first draft of the ROA at its next meeting in December 2016. A more detailed development schedule is contained in Section 9 below.
- 8.6.** In terms of funding considerations, work is underway to review and further develop the regional funding model used to determine assigned college teaching grant allocations for 2016/17. Due to the significant progress made over the previous year, the aim is to develop an approach that supports effective and efficient delivery of the 2017/18 to 2019/20 ROA, is transparent and enables the colleges to plan and operate in a sustainable way.

9. Next steps

- 9.1.** The college-led regional Learning & Teaching and Sustainable Institutions working-groups will lead on the development of the following aspects:

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|--------------------------------|--|
| Learning & Teaching Group | Curriculum planning, developing Scotland's young workforce, gender balance within college curriculum and ESF supported activity |
| Sustainable Institutions Group | ESF supported activity, funding considerations, student support funding considerations, staffing considerations, estates implications and college financial sustainability |

- 9.2.** A further-developed version of this paper will be considered by the Board of GCRB at its next formal meeting.
- 9.3.** The table below sets out a summary timetable for development of the 2017-18 ROA and how this will be reported to the GCRB Board and Committees.

| Period | Activity |
|--------------------|---|
| 10 October 2016 | Performance & Resources Committee reviews draft framework for development of the ROA |
| October 2016 | Detailed work starts on development of ROA Engagement with internal and external stakeholders begins |
| End-October 2016 | Board of GCRB approves the framework for the 2017-18 ROA |
| November 2016 | Regional stakeholder event held and further internal and external engagement undertaken. First draft of full ROA prepared. |
| 6 December 2016 | Performance and Resources Committee considers draft of ROA |
| 12 December 2016 | Board of GCRB considers draft of ROA |
| 16 December 2016 | SFC deadline for submission of 'first draft' of ROA |
| January 2016 | Further refinement of ROA and internal and external engagement activity |
| January - February | Development of college level supporting strategies |
| 6 February 2017 | Performance and Resources Committee considers draft of ROA (with supporting strategies) |
| 27 February 2017 | Board of GCRB considers draft of regional strategic plan and ROA (with supporting strategies) |

| Period | Activity |
|---------------|--|
| March | Further refinement of ROA and supporting strategies |
| 31 March 2017 | Current SFC deadline for submission of final ROA |
| April 2017 | Publication by SFC of all outcome agreements |
| 22 May 2017 | Board of GCRB considers final draft of regional strategic plan |

10. Risk Analysis

10.1. Since the ROA will represent GCRB's strategic aspirations, the risks are those contained in GCRB's risk register.

11. Legal Implications

11.1. No legal implications are identified.

12. Financial Implications

12.1. As noted in paragraph 8.6, work on funding allocations will now be taken forward in parallel with development of the detailed ROA.

13. Regional Outcome Agreement Implications

13.1. This paper addresses development of the next Regional Outcome Agreement.

Annex 2. Scottish Government Interim Letter of Guidance 2017-18

Minister for Further Education, Higher Education and Science

Shirley-Anne Somerville MSP

T: 0300 244 4000

Professor Alice Brown
Chair
Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

29 September 2016

Dear Professor Brown,

SCOTTISH FUNDING COUNCIL – INTERIM LETTER OF GUIDANCE 2017-18

1. I am writing, as my predecessor did, at this time of the year in order to enable you to finalise your 2017-18 Outcome Agreement Guidance for both the college and university sectors.
2. The 2017-18 Draft Budget will be published later this year and will be set against a backdrop of challenging financial circumstances resulting from year on year real terms reductions proposed in the UK Spending Review; the uncertainty over the further £3.5bn reduction across the UK in 2019-20 planned by the former Chancellor; and, of course, the added uncertainty following the outcome of the EU Referendum.
3. This fiscal background means that it is important that all public bodies, and those receiving funding from the public purse, continue to operate in a way that demonstrates creativity, value for money and propriety. It is important, therefore, that we take a practical approach to future spending decisions. The Scottish Funding Council has a key role to play in continuing to ensure, not only that funding decisions made are well informed, but that the budget available to it is deployed in a way that makes the most effective use of the funds available.
4. In light of on-going Draft Budget preparations, I am unable to confirm budget allocations for the sectors at this stage in the planning process. I will write again following the conclusion of the process to set out clearly the budgets that have been agreed, and my full expectations for that funding.

5. You will, however, be aware that the First Minister has made clear the importance she places on excellence and equity in education and ensuring that Government priorities in this area are met. It is important, therefore, that I set out for you at this stage in the planning process my high level expectations for both colleges and universities in the coming academic year.

6. I can confirm that my high level strategic objectives for colleges and universities remain essentially unchanged from those set out in your Letter of Guidance of 10 September 2015. Specifically these are:

- Highly efficient and effective regional structures for colleges, including structures in multi-college regions
- High quality effective learning
- Access to education for people from the widest range of backgrounds, including implementation of the recommendations of the Commission on Widening Access
- Learning which prepares people well for the world of work and successful long term careers, and which prioritises provision that meets known skills gaps in the economy, for example in STEM subjects, and in doing so supports our ambitions for economic growth
- Internationally competitive and impactful research
- Effective knowledge exchange and innovation including excellent university / industry collaboration
- Leading the college contribution to implementing the Developing the Young Workforce strategy
- Address the underrepresentation of women on the governing bodies of colleges and universities and at senior levels, and gender balance among student intakes for some key subjects, including STEM subjects.

7. In asking institutions to deliver these high level objectives, I would ask that the Scottish Funding Council also takes account of a number of recent developments and key manifesto commitments which play a vital role in shaping future provision.

8. Specifically, I want the SFC to ensure that the level of provision in the college sector – 116,000 FTEs - is maintained in academic year 2017-18. In doing so, it is important that the SFC supports the college sector to continue to deliver the high quality learning and teaching opportunities that the sector has successfully provided to students since the implementation of college reform. It is also important that the SFC continues to support the reformed college sector to build on its strengths in delivering learning connected to the needs of their regions. In line with this, I expect the SFC to continue its efforts to ensure the college sector maintains progress on national bargaining and its plans for modernising the college workforce.

Programme for Government

9. I know that you will want to pay particular attention to the recently published Programme for Government which sets out clearly the First Minister's commitment to both the college and university sectors. In addition to the £33m accelerated capital awarded to support capital maintenance – which I expect the SFC to manage in a way that maximises both the opportunity to deliver improvements across the further and higher education estates, but also in a way that ensures the economic impact of the investment is clear. The Programme for Government also confirmed an additional £1.3m to be used to support capital investment in physical infrastructure for HE research. I expect this funding, which will be match funded by the UK Government, to build on the already significant investment the SFC makes to ensure our universities continue to produce world class research.

10. The Programme for Government also makes reference to a forthcoming review of FE and HE student support to ensure that the entire system is equitable, fair and supports all students throughout their learner journey. The review will commence later this year (October) and conclude in autumn 2017. I understand my officials have already written to you to secure your involvement at project level and will discuss options for strategic input as work progresses. I look forward to your close engagement with this important review.

Widening Access

11. The widening access agenda is one against which I place the utmost importance. Ensuring that those with the potential to learn, regardless of their background, are able to access higher education is vital if we are to enable all individuals to achieve their potential. I would therefore ask that the SFC make explicitly clear in its guidance to the sector that delivering against this commitment is a clear priority for Government which should be met. I also expect the SFC to play a key role in taking forward, and supporting implementation of, the recommendations of the Commission for Widening Access. More details on my expectations for this will be included in a further letter of guidance to be issued later this year.

Developing the Young Workforce

12. Our Developing the Young Workforce (DYW) strategy, with its target to reduce youth unemployment by 40% by 2021, continues to be a key priority for Government. The SFC should continue to progress harnessing meaningful employer engagement in colleges and to forge high quality partnerships across school, training provision, colleges and universities in the best interests of the learner. I expect the SFC to monitor the impact that these new partnerships and approaches are having for learners, in particular those who face the greatest barriers, in line with the key performance indicators and intermediate measures set out in the DYW programme.

13. DYW - along with the implementation of the Commission for Widening Access - will form one of the twin foundations of our work to take forward the manifesto commitment on improving the learner journey. I will look to the SFC to support the Scottish Government as we scope this work. This will involve our establishing the evidence base, engaging the sectors, learners and other stakeholders; and developing and testing new approaches to ensure a more seamless and efficient experience for learners moving through the senior phase and ultimately to employment.

Science, Technology, Engineering and Maths

14. Building on the Developing the Young Workforce Programme, we are developing a STEM education and training strategy for Scotland. The strategy will aim to raise levels of STEM enthusiasm, skills and knowledge in order to support attainment and aspiration in learning, life and work as well as to meet labour market needs. I expect the SFC to play a full part in developing and then driving forward delivery of the strategy, including through the Outcome Agreements.

Gender Action Plan

15. I expect the SFC and its education partners to engage actively with the college and university sectors to implement its Gender Action Plan, published in August 2016, and to address the gender imbalance at senior academic levels in our institutions. In addition, you will be aware of the Gender Balance on Public Boards legislation announced in the Programme for Government. There will be an opportunity to comment on the Draft Bill before the end of the year and I would ask the SFC to encourage institutions, as appropriate, to participate in that consultation.

Innovation

16. The Innovation Centre programme represents a substantial and long term commitment of public funding. I therefore welcome the independent review being led by Professor Graeme Reid and will be interested to see his final report in the near future. I will look to the Funding Council to consider carefully the report's recommendations and to work in partnership with my officials, the Enterprise bodies and other partners to maximise the impact of the programme.

17. I am aware of the Funding Council's role in supporting the work of the Innovation Scotland Forum (ISF), particularly the development of an Action Plan to better drive industry-academia collaboration. I expect the Funding Council to continue to work in partnership with the sector, Enterprise bodies and others to support the delivery of the ISF Action Plan and to increase the economic returns from Scotland's world class research base. This work, of course, feeds into the ongoing review of the innovation landscape, into which the Funding Council should continue to contribute.

Enterprise and Skills Review

18. On 25 May, the First Minister announced that the Scottish Government would carry out an end-to-end review of enterprise and skills services in Scotland to ensure that public agencies, including the SFC, are delivering the joined-up support that young people, universities, colleges, training providers businesses and the workforce need. As one of the bodies whose services lie at the heart of this review, it is important that the SFC continues to engage positively and constructively with the work that is underway. I would ask that the SFC demonstrates creativity and energy in its response to the emerging findings which will be published shortly.

19. In addition, the outcome of the review may require additional guidance to be issued to the sector to ensure that its findings are reflected in Outcome Agreements. In the interim, I would anticipate that both sectors will give further consideration to ways in which they can take action now which is consistent with the aims of the review, such as simplification of the learner journey.

European Referendum Result

20. Earlier this year, the UK voted to leave the European Union – a vote which was overwhelmingly rejected by the Scottish electorate. We are intent on pursuing all options to maintain our relationship with the EU so that the benefits we currently enjoy can be preserved. We have already made clear that existing EU students and those about to start in 2016 will continue to benefit from free tuition and associated support for the duration of their course. I look to the Scottish Funding Council to work collaboratively with the Scottish Government and with institutions to consider how best to ensure both sectors, but particularly the university sector, maintain their relationship with partners in the EU; continue to foster international collaboration enabled by EU research programmes; and continue to

ensure students from elsewhere in the EU benefit from a first class education in Scotland and that staff and student mobility continues to be encouraged.

Employability Services and Fair Work

21. On 8th September we announced the approach to employability support services for disabled and long term unemployed people in Scotland from 1st April 2017, with 1 year transitional services ahead of enduring services from April 2018. I look forward to discussing with the SFC the college sector's support for these services, building on its experience to date, including continued delivery of the Employability Fund.

22. Ministers have been clear that public bodies should lead the way on Fair Work, ensuring access to good jobs providing security and opportunity to employees, treating them with respect and providing fair reward. There are currently 4 FE and 4 HE institutions, accredited as Living Wage Employers. I would ask that you build on this by encouraging more FE and HE institutions to become Accredited Employers and to promote the benefits of Fair Work, both through their HR functions and more widely to staff and students.

Climate Change

23. The Government's ambitions around reducing carbon emissions were clearly set out in 'Climate Ready Scotland: Scottish Climate Change Adaptation Programme' which was laid before Parliament in May 2014. I note the progress that has been made across both sectors in this regard, however, I expect the SFC to encourage institutions to make further progress both to reduce GHG emissions, act sustainably and prepare effectively for the unavoidable impacts of climate change. In particular, I would ask that the SFC encourages all listed universities and colleges in Scotland annually to report good quality and complete information on compliance with the climate change duties, by 30 November each year.

Audit Scotland

24. You will also be aware that Audit Scotland has recently published two reports – one looking specifically at colleges and the other at universities. I ask the SFC to consider carefully the content of each of these reports and, in particular, the recommendations set out for the SFC, and consider how best to respond. I would be grateful if the SFC could update me on its considerations before Parliament rises for the autumn recess in October.

25. The Audit Scotland report on Scotland's Colleges recommended that the sector should develop long term financial strategies and implement a more strategic approach to workforce planning. I would ask that the SFC supports the sector, as appropriate, to deliver these recommendations.

26. I note that the Audit Scotland report also mentions workforce planning underway at the SFC. As an organisation with an eye towards continuous improvement to fit with our public service reform ambitions, I would ask that you finalise this workforce plan and share with my officials at the earliest opportunity.

27. As noted at the outset of this letter, I will write again following confirmation of 2017-18 budgets for the FE and HE sectors, setting out in more explicit detail my expectations for the funding secured by both sectors. In the meantime may I take this opportunity to express how much I am looking forward to working with the SFC, colleges and universities over the coming years to shape the delivery of learning for our students; secure our ambition of excellence and equity for all; maximise the impact of our excellent research and of our combined resources to secure our collective ambitions for the sectors. Supporting learners

to achieve their full potential is an ambition that I am passionate about. I look forward to your support in delivering for Scotland.



SHIRLEY-ANNE SOMERVILLE

Copies to:

James Dornan, Convener of Scottish Parliament Education and Skills Committee
Hugh Hall, Chair, Colleges Scotland
Shona Struthers, Chief Executive, Colleges Scotland
Liz McIntyre, Convener, Scotland's Colleges Principal's Convention
Professor Andrea Nolan, Convener, Universities Scotland
Alastair Sim, Director, Universities Scotland
Sally Loudon, Chief Executive, COSLA
Bill Maxwell, Chief Executive, Education Scotland
Damien Yeates, Chief Executive, Skills Development Scotland
Grahame Smith, General Secretary, STUC
Mary Senior, Scottish Official, University and College Union
Larry Flanagan, General Secretary, EIS
Mike Kirby, Scottish Secretary, Unison Scotland
Pat Rafferty, Regional Secretary, Unite Scotland
Gary Smith, Acting Regional Secretary, GMB Scotland
Vonnie Sandlan, President, NUS Scotland
Lena Wilson, Chief Executive, Scottish Enterprise
Charlotte Wright, Interim Chief Executive, Highlands and Islands Enterprise