

Date of Meeting	Wednesday, 5 June 2019
Paper Title	Flexible Workforce Development Fund
Agenda Item	10.a
Paper Number	PRC4-F
Responsible Officer	Jim Godfrey, Finance and Resources Director
Recommended Status	Disclosable
Action	For Information

1. Report Purpose

- 1.1.** The purpose of this report is to provide an update in respect of the Flexible Workforce Development Fund.

2. Recommendations

- 2.1.** It is important to **note** that:

- the value of (Flexible Workforce Development) training agreed for 2018-19 was £1.47m at 30 April 2019;
- the value of (Flexible Workforce Development) training contracted in 2017-18 for delivery by the assigned colleges in 2018-19, was £0.52m.
- on-going discussions are taking place with more than 90 companies with respect to the remaining £0.45m funds that are available for training in 2018-19.
- at 30 April 2019, all 3 Glasgow Colleges confirmed that they will meet their individual college targets for Flexible Workforce Development in 2018-19.

- 2.2.** It is **recommended** that:

- The returns are reviewed again on 31 May and 30 June and consideration is given to re-distribute funds within the Glasgow college region¹ and/or to relinquish funds to the SFC.

¹ Given the reported performance at 29 March 2019, the indicative position is that target level of activity for City of Glasgow College is reduced.

3. Report

- 3.1.** The Colleges, and GCRB, are working closely to monitor progress and have responded positively to the Fund requirements. The (GCRB) Performance and Resources Committee has considered reports on the Flexible Workforce Fund at each of its previous meetings. Regular discussions have also taken place with the senior managers responsible for Flexible Workforce Development in each college.
- 3.2.** In accordance with the monitoring arrangements set out in the SFC guidance, GCRB has submitted returns to SFC on behalf of the region. We are now two thirds through the second year of the Flexible Workforce Fund and, in accordance with the SFC requirements, the latest return was submitted to the SFC on 31 March 2019. Further monitoring returns are being provided on a monthly basis by the colleges to GCRB.

4. 2017-18 Update

- 4.1.** For the 2017-18 year, levy payers needed to agree their requirements with colleges by 30 June 2018. However, training could be delivered after this date but must have commenced by 30 September 2018.
- 4.2.** The value of training contracted for 2017-18, but not delivered by 30 June 2018, was confirmed by SFC in September 2018. The value of training to be delivered from 1 July 2018 is set out in the following table:

Table 1	City of Glasgow College £'000	Glasgow Clyde College £'000	Glasgow Kelvin College £'000	Total £'000
Contracted in 2017-18 to be delivered in 2018-19	£228	£157	£136	£ 521

- 4.3.** The colleges are delivering this training and providing regular updates to GCRB. The funding of £521,000 has been provided to GCRB and is being released to the colleges in line with the cost, and timing, of delivery.

5. 2018-19 Update

- 5.1.** In 2018-19, regional returns were submitted at the end of September 2018, November 2018, January, March and April 2019. The position at 30 April 2019 is provided in Table 2 below:

Table 2	City of Glasgow College £'000	Glasgow Clyde College £'000	Glasgow Kelvin College £'000	Total £'000
Original Allocation 2018-19	£895	£630	£394	£1,919
Committed Training at 30 Apr 2019	£615	£466	£388	£1,469
Balance Remaining	£280	£164	£6	£ 450
Percentage of funds to allocate	31%	26%	2%	23%

5.2. For comparison purposes, Table 3 provides a summary of the position at 23 April 2018 (for 2017-18). It is clear that there has been significant growth in 2018-19 compared to the same period last year.

Table 3	City of Glasgow College £'000	Glasgow Clyde College £'000	Glasgow Kelvin College £'000	Total £'000
Committed Training at 23 Apr 2018	£340	£371	£116	£ 827

5.3. Table 4 shows the breakdown of the FWDF allocation used at 26 April 2019. It is important to note that, of the allocation used, 68% has been contractually agreed/delivered with 32% agreed in principle. Therefore, 49% of the total FWDF allocation for 2018-19 has been contractually agreed/delivered in the first nine months of 2018-19.

Table 4	City of Glasgow College £'000	Glasgow Clyde College £'000	Glasgow Kelvin College £'000	Total £'000
Delivered	£0	£137	£96	£ 233
Contractually Agreed	£437	£136	£202	£ 775
Agreed in Principle	£178	£193	£90	£ 461
Committed Training at 30 Apr 2019	£ 615	£ 466	£ 388	£1,469

5.4. This leaves a further amount of £0.45m available to be contracted to other employers. Discussions are on-going with a number of employers and a summary is provided in Table 5 below.

Table 5	City of Glasgow College	Glasgow Clyde College	Glasgow Kelvin College	Total	Maximum Possible FWDF Claim £'000
Employers - Contractually Agreed/Agreed in Principle/Delivered	44	35	26	105	£1,530
Employers – In Discussion	49	31	14	94	£1,410
Total	93	66	40	199	£2,940

- 5.5. The total allocation used at 26 April 2019 is £1.47m and this is spread across 105 employers (an average of just over £14,000 per employer). If each of these employers claimed the maximum available it would utilise a further £105,000 of the FWDF allocation. There is an opportunity to provide some additional training to employers who have already committed to the programme (i.e. to enable each employer, or an employer in their supply chain, to utilise the maximum allocation for each levy payer).
- 5.6. The colleges have also identified 94 employers that are 'in discussion' and have not yet agreed FWDF activity in 2018-19. If each of these employers were contracted, and each utilised the full £15,000 available in 2018-19, it would equate to a further £1.41m of activity.
- 5.7. If the potential amounts identified in Table 5 are added together it provides a maximum potential activity for 2018-19 of £2.9m. However, this is a very optimistic outlook.

6. Forecast Outturn 2018-19

- 6.1. The minimum level of FWDF activity for 2018-19 is assumed to be the level that has been agreed at the end of April 2019 i.e. £1.47m. As per Table 5 above, the maximum level of activity is considered to be £2.9m. However, these are both considered to be 'outliers' and the actual out-turn is likely to be somewhere in the middle.
- 6.2. The following is an attempt to estimate the forecast out-turn:
 - The average monthly activity that has been agreed/delivered in the first nine months is £163k. Extrapolating this figure for the full year equates to £1.96m. A total of £1.96m would be £0.04m above the total regional allocation for 2018-19. Therefore, the monthly level would need to decrease to an average of £151k for the remaining 3 months of the year to meet the full year target.
 - The level of FWDF fund utilised at the end of April 2019 is 78% higher than the same period last year. If a similar increase is applied to the annual total for 2017-18 (£1.07m) it might suggest a total commitment for 2018-19 of £1.9m.
 - Based upon current trends, it is reasonable to conclude that £1.9m of activity is achievable and reasonable. As a result of the increase in activity through April, the likelihood of achieving the £1.9m target has increased.
- 6.3. The monitoring returns received in April 2019 were reviewed and provided an opportunity to consider a re-distribution of funds within the region and between regions. The 3 colleges in Glasgow were asked to provide an assessment of the likely outcome for the full year. All 3 advised that they remain confident of achieving the individual college targets for 2018-19. As a result, a re-distribution within the Glasgow region was not necessary at the end of April 2019. Similarly, given the continuing confidence of the colleges in meeting the target, the region will not relinquish funds to the SFC.

7. Risk Analysis

- 7.1.** Activity needs to increase significantly to ensure that the allocation for 2018-19 is fully utilised and this represents a significant challenge. The first year of the fund was a pilot year and some leeway was provided. However, failure to achieve the target level of activity presents a risk to the reputation of the colleges and the Glasgow region.
- 7.2.** If the fund is not fully utilised by employers/colleges in 2018-19 then there may be pressure to consider whether funds should be allocated differently in the future.
- 7.3.** At this stage, the three colleges have advised that they are confident of delivering the target level of activity.
- 7.4.** There is a significant volume of activity that is to be delivered in the future. This will only increase if further contracts are agreed. This places an increasing burden on departments to deliver this training and there is a risk that there are additional costs associated with this delivery and/or training is delayed.
- 7.5.** The arrangements set out above, and those previously considered by the Board, are designed to minimise risk. In particular, these actions are intended to minimise the risk that “Effective working relationships are not developed/maintained with key partners”.

8. Equalities Implications

- 8.1.** There are no equalities implications as a direct result of this report.

9. Legal Implications

- 9.1.** No legal implications are identified.

10. Resource Implications

- 10.1.** The financial implications of the Flexible Workforce Fund are outlined in the report. The requirement to actively promote the Fund and submit regular monitoring information to SFC has a resource implication for the colleges and GCRB.

11. Strategic Plan Implications

- 11.1.** The curriculum delivery, supported by these funds, will provide significant support to the achievement of ambitions set out in the Glasgow Region Strategic Plan. Delivery supported by the Flexible Workforce Fund makes a significant contribution to meeting the aim of meeting Glasgow’s ambitions working with employers to deliver a range and depth of training opportunities.