

Board Meeting

Date of Meeting	Monday 25 April 2016
Paper Title	Regional Outcome Agreements
Agenda Item	7
Paper Number	BM6-E
Responsible Officer	Alan Inglis, Vice Principal, Glasgow Kelvin College and Martin Fairbairn, Interim Chief Officer, GCRB
Status	Disclosable
Action	For Discussion

1. Report Purpose

- 1.1. Consider current progress against the 2015-16 Regional Outcome Agreement (ROA) and an update on development of the 2016-17 ROA.

2. Recommendations

- 2.1. The Board is invited to:

- **comment** on the content of this report;
- **note** the allocation of additional funding to Glasgow and the approach to how these funds are deployed within Glasgow (section 5); and
- **note** the briefings on historic trend data (section 7 and Annex B) and the new Credit-based funding approach (section 8 and Annex C).

3. Background

- 3.1. The 2015-16 Regional Outcome Agreement sets out the agreed regional outcomes under four themes:

- Outcome 1: Right learning in the right place
- Outcome 2: Widening Access
- Outcome 3: High Quality and Efficient Learning
- Outcome 4: Developing the Workforce

- 3.2. For each outcome there is also defined: the priority impact; the priority output for 2015-16; and intermediate level outcomes. These are all included in the report attached as Annex A to this paper. Following comments from previous Board meetings,

the report at Annex A has been simplified by removing the individual college detail (although that is still reported to the Performance & Resources Committee).

3.3. The Board considered a draft of the 2016-17 ROA at its January meeting.

4. 2015-16 progress

4.1. Our task is to deliver against the ROA across the whole region and therefore it is the whole-region position that is of most interest. The report attached at Annex A is the second ROA progress report produced for GCRB. The design is straightforward:

- Includes all the core text from the ROA
- Allows for projected numbers to be included once they become available during the course of the year

4.2. Following the Board's last meeting, management has contacted the Scottish Funding Council (SFC) to propose re-basing of the targets where the measurement basis has changed as a result of the shift to the new Credit methodology.

4.3. At this juncture, at both the individual college and whole-region levels, it appears that good progress is being made and that it is likely that key targets will be met. In addition to the most significant figures being highlighted in the annex, the key points are summarised below (with page references to Annex A):

- **Total projected Credits** are just over 383,000, which is **almost equal to the current target** (page 1).
- Projected credits for **Transition and Supported learning** are around 52,000 Credits, which is **less than the target** of 55,000 Credits (page 2). However, this is largely due to changes in course coding.
- Projected credits for courses at **SCQF levels 1 to 6** are **8,000 less than the target** of just over 216,242 Credits (page 3). Again, this is largely a consequence of the change in measurement to Credits (from the previous SUMs). GCRB has therefore proposed to the SFC that the target be re-based.
- **Success rates:** Partly as a result of the publication of the final success rates for 2014-15, the projected success rates for 2015-16 have been revised. For **part-time courses at SCQF levels 1 to 6**, the success rate is now projected to be **higher than the target** of 75%. On the other hand, the success rate for **part-time courses at SCQF levels 7 and above** will probably be **slightly less than the target** of 82% (page 4).
- Lastly, the response rate to the **post-course destination survey** is now projected to be much **higher than the target** of 76% (page 4).

5. Allocation of additional funding and Credits

5.1. In the early part of 2015 Glasgow was allocated some additional funding in relation to both student support and core activity.

- 5.2.** The largest element is in relation to student support. In total, an additional £899,057 has been allocated to Glasgow from three sources:
- European Social Fund underspends in other parts of Scotland in 2014-15;
 - student support funds re-allocated from other Scottish colleges in the current year; and
 - additional student support funds allocated to Glasgow as part of a re-allocation of additional Credits and associated funding from other Scottish colleges.
- 5.3.** This has allowed Glasgow to balance its student funding budgets for 2015-16, which is a significant turnaround from the position at the beginning of the academic year.
- 5.4.** In addition, Glasgow has also been allocated additional funded places, comprising 3,093 Credits and £556,337 of core funding. As already noted, our current projections show Glasgow will deliver around 3,000 Credits in addition to its original target, and therefore there has been no need to make significant changes to existing course plans.
- 5.5.** In relation to the additional core funding of £556,337, the Interim Chief Officer has worked with the three colleges to consider options for the appropriate use of these additional funds.
- 5.6.** Discussion took place with all three colleges about specific cost pressures in 2015-16 that cannot be funded from other sources and which have strategic ramifications. This work identified the issue of funding national pay awards by Glasgow Kelvin College in relation to both support staff and academic staff. When setting its original budget Glasgow Kelvin College did not allow for a general wage increase, in order to protect the jobs of existing staff. It was also understood at that time that national bargaining for 2015-16 would involve negotiation of both pay rates and terms and conditions more generally. All three colleges are committed to national bargaining and, in the current context, would wish to remain consistent with other Scottish colleges. The conclusion of the discussions with the three colleges is a consensus that it would be appropriate to deploy a sufficient portion of these funds to Glasgow Kelvin College to allow a consistent approach to be maintained across Glasgow. As part of such an arrangement, it is appropriate for Glasgow Kelvin College to provide GCRB with assurance that it will be financially sustainable in both 2015-16 and the following year, and it has agreed to do that.
- 5.7.** After allowing for the above, the remaining sum (around one third of the total) can be deployed to support delivery of the curriculum, including the increased target, between the other two colleges.
- 5.8.** In the opinion of GCRB management, the above represents an appropriate balance between: the principle of maintaining a close link between funding and course delivery targets; and supporting a consistent approach across Glasgow with other Scottish colleges in relation to the 2015-16 pay award. It should also be recognised that this has only been possible because of the willingness, in particular, of City of Glasgow College to forego what would otherwise have been the most part of this additional funding.

5.9. The foregoing was considered by the Performance & Resources Committee at its meeting on 21 March 2016. No suggestions to change the proposed approach were made by the Committee.

6. Regional Outcome Agreement 2016-17

6.1. The SFC's original timetable was for there to have been an announcement of 2016-17 indicative funding in January, followed by discussion about the detail of the ROA and the funding available to support its implementation. However, such an announcement has not yet been issued and there is currently no firm date for its publication. Although work has continued on development of the 2016-17 ROA, without information on likely funding levels it has not been possible to firm up the key elements.

6.2. If an announcement is made at some point within the next few weeks, we will have to arrange an additional meeting of the Board for either late May or early June, to allow sufficient time for the consequences to be analysed and for further negotiation with the SFC.

6.3. The rest of this section:

- provides an update on the planned curriculum movements; and
- briefs the Board on the possible funding approaches.

6.4. There has been no material change to the previously-planned curriculum movements, which largely flow from the Curriculum and Estates Plan:

	City of Glasgow College Credits	Glasgow Clyde College Credits	Glasgow Kelvin College Credits	Total Credits
2015-16 targets	156,200	123,600	84,600	364,400
Movements	13,400	-1,900	-6,500	5,000
Projected 2016-17 targets	<u>169,600</u>	<u>121,700</u>	<u>78,100</u>	<u>369,400</u>

6.5. Overall, this requires confirmation from the SFC of an increase of 5,000 in Glasgow's Credit target for 2016-17. This is consistent with the previously-agreed Curriculum and Estates Plan.

6.6. The core funding for colleges in 2015-16 was effectively determined by adjusting 2014-15 funding for agreed increases or decreases in activity. Although the targets for learning provision were set in Credits, the connection between the Credit targets and funding was indirect.

6.7. The published make-up of Glasgow’s core funding in 2015-16 was as follows:

	£M
Gross grant (before fees from other sources)	86.0
Assumed fees from other sources	-16.6
Grant after fees from other sources	69.4
Extended Learning Support premium	9.3
Social inclusion funding	2.3
Rural premium	0.0
Efficiencies agreed in 2012-13 and 2013-14	-3.3
Transitional adjustment (prior to implementation of new Credit-based approach)	-0.6
	<u>77.1</u>

6.8. However, this was essentially illustrative because the total of £77.1M was based on the total for 2014-15, hence the transitional adjustment of £0.6M.

6.9. As is explained in the briefing on the new Credit-based approach at Annex C, two key building blocks are the target Credits and the subject prices. The amount of assumed fees from other sources is also an important factor. This is because the nature and profile of college courses and students is constantly changing. For Glasgow there have been two material changes in the last couple of years:

- A greater proportion of provision in higher price groups. This is connected to some of the key themes in the Curriculum and Estates Plan (such as a greater focus on STEM subjects and on widening access).
- A reduction in fees from other sources.

6.10. Without any other changes, these shifts should result in a higher level of funding. However, given that the total amount of college sector funding available to the SFC for 2016-17 is static, we cannot be certain that such increases will be affordable for the SFC (unless other parts of Scotland have equal and opposite movements, which is unlikely).

6.11. The Interim Chief Officer has written to SFC setting out the expected funding levels using 2016-17 price group profiles and has subsequently met SFC officials to underline these expectations. However, no further information is available at this time.

6.12. Work has also been progressed on deployment of the core funding for 2016-17. Of course, without knowing the total available, it’s not possible to reach firm conclusions. A summary description of the current thinking is set out below:

Funding element	Possible approach
Gross grant	Use actual Credit targets and either the actual 2014-15 price group profiles or the projected 2016-17 profiles
Assumed fees from other sources	Base on actual fees from other sources in 2014-15 (the most recent year for which full data is available)
Extended Learning Support premium	The SFC now calculates this as a fixed percentage of the gross grant. We might simply reflect that approach.

Funding element	Possible approach
Social inclusion funding	SFC now calculates this based on share of population in the most-deprived postcodes. While this is appropriate on a regional basis, it does not work within a region (because of overlapping 'catchment areas'). We are therefore likely to allocate this using shares of Credits and student numbers for students from the most deprived postcodes.
Rural premium	This is not allocated to Glasgow
Efficiencies agreed in 2012-13 and 2013-14	Information is currently being sought on the allocation basis for this deduction in previous years.
Transitional adjustment (prior to implementation of new Credit-based approach)	The expectation has been that this element would be withdrawn for 2016-17 (which would increase the funding available to Glasgow), but we do not know whether there will be a further transitional phase.

6.13. However, this assumes that the total available will be sufficient to support the 2016-17 curriculum plans and that there will be no requirement to allocate funds for specific purposes. If either assumption is incorrect, it may be necessary to modify some of the above.

6.14. Finally, it should be noted that the Scottish Government has issued three Letters of Guidance to the SFC in relation to 2016-17. Normally there would be only one Letter of Guidance. However, the late timing of the UK and Scottish budgets and the need to clarify certain matters necessitated two further Letters of Guidance. Copies of all the Letters of Guidance are available on the SFC's website here:

- <http://www.sfc.ac.uk/aboutus/letterofguidance/letterofguidance.aspx>

6.15. The key points from all three documents are:

- No change to previous strategic objectives, including:
 - Focus on learner success, widening access, gender equality and implementation of *Developing Scotland's Young Workforce*
 - Development of opportunities in science, technology, engineering and mathematics ('STEM')
 - Streamlining the learner journey
 - Continued development of good governance
- Maintenance of the total volume of provision at the current 2015-16 level across Scotland

6.16. All of these are consistent with the draft of the 2016-17 ROA reviewed by the Board at its January 2016 meeting.

7. Historic trends

7.1. Board members have previously requested information on learning activity using measures other than Credits. Annex B summarises some key data, mainly using numbers of students.

8. Credits

8.1. Board members have requested a briefing on the change in the SFC's measurement basis (from wSUMs to Credits), which is attached as Annex C.

9. Risk Analysis

9.1. Since the ROA represents the region's strategic aspirations, the risks are those contained in GCRB's risk register.

10. Legal Implications

10.1. There are no specific legal implications associated with this paper.

11. Financial Implications

11.1. Specific financial matters are addressed within the body of the paper. The region's financial position is reported to each meeting of the Performance & Resources Committee.

12. Regional Outcome Agreement Implications

12.1. This paper addresses monitoring of progress with delivery of the 2015-16 ROA and development of the 2016-17 ROA.

Items shaded green represent projections that differ from target and the difference is relatively small.

Items shaded pink represent projections that differ from target and the difference is possibly significant.

Outcome 1: Right learning in the right place

Priority Impact: more people in Glasgow and Scotland in employment, education and training

Priority Output for 2015-16

- increase by 2.2% to an equivalent of 473,789 WSUMs the volume of learning delivered (including European Social Funded activity). [Note that the percentage change in credits will be different as a result of the conversion from wSUMs to credits]

Intermediate level outcomes:

- employer needs are met, economic growth sectors are supported and college learning leads to job opportunities and/or further training or education;
- people access a wide range of education and training courses in Glasgow;
- young people study and train at Glasgow’s colleges; and
- people access flexible and inclusive college programmes and services

Glasgow Region key outputs

	Glasgow Region	
	Target	Proj'd
Volume of core credits	367,494	367,032
ESF credits	16,037	16,046
(1) Total credits	383,531	383,078

	Glasgow Region			
	14-15	Target (%)	Target (Credits)	Proj'd (Credits)
(2) Economic sectors:				
Administration, Financial and Business Services	20%	20%	77,413	79,524
Creative and Cultural Industries	17%	16%	62,198	62,709
Energy, Engineering, Construction and Manufacturing	18%	18%	69,165	70,709
Food, Drink, Tourism, Hospitality and Leisure	16%	17%	65,114	64,589
Health, Care and Education	9%	9%	36,040	35,878
Land-Based Industries	1%	1%	2,955	2,877
Life and Chemical Sciences	4%	4%	15,230	14,636
Transition and Supported Learning	15%	14%	55,417	52,155
	100%	100%	383,531	383,077

Outcome 2: Widening Access

Priority Impact: learning opportunities are accessible, supportive and representative of all.

Priority Output for 2015-16

- increase by 3.3% to an equivalent of 118,032 WSUMs the volume of learning delivered to learners from the most deprived 10% postcode areas in Scotland; and
- increase by 0.4% the proportion of activity delivered at Further Education levels.

[Note that the percentage changes in credits will be different as a result of the conversion from wSUMs to credits]

Intermediate level outcomes:

- the diversity of students and staff reflects the communities the College serves;
- students and staff experience and contribute to a culture of dignity and respect;
- students and staff benefit from inclusive and accessible spaces, environments and services;
- students and staff actively engage in fully inclusive and accessible learning and teaching; and
- successful student and staff outcomes are increased irrespective of protected characteristics.

Glasgow Region key outputs

	Glasgow Region		
	14-15	Target	Proj'd
(3a) Volume of credits delivered to learners in the lowest 10% SIMD	108,561	108,634	107,717
(3b) Percentage of credits delivered to learners in the lowest 10% SIMD	29.1%	28.3%	28.1%

	Glasgow Region		
	14-15	Target	Proj'd
(4a) Volume of credits delivered at SCQF levels 1 to 6	216,796	216,242	208,048
(4b) Percentage of credits delivered at SCQF levels 1 to 6	56.7%	56.4%	54.3%

Outcome 3: High Quality and Efficient Learning

Priority Impact: more learners achieve qualifications and can progress to further study and/or work

Priority Output for 2015-16

- increase attainment levels by 1% for FE learners and 0.5% for HE learners; and
- increase by 6.3% to 1,495 the number of students articulating to degree level courses with advanced standing at Scottish Universities.

Intermediate level outcomes:

- learners sustain their learning and achieve qualifications;
- learners progress to positive destinations;
- learners progress efficiently onto degree level provision;
- Glasgow's colleges have effective arrangements to maintain and improve the quality of learning and are delivering high quality learning experiences; and
- young people access school/college courses as part of the Senior Phase of Curriculum for Excellence.

Glasgow Region key outputs

	Glasgow Region		
	14-15	Target (%)	Proj'd
(5) Percentage of students successfully achieving a recognised qualification:			
Full-time SCQF levels 1 to 6	66.2%	67.6%	68%
Part-time SCQF levels 1 to 6	76.6%	75.2%	78 - 80%
Full-time SCQF levels 7 and above	74.1%	73.6%	74%
Part-time SCQF levels 7 and above	79.7%	81.9%	80%
(6) Number articulating at a Scottish university			
		1,495	1,694

Outcome 4: Developing the Workforce

Priority Impact: more students develop the appropriate skills needed to get a job, keep a job or get a better job.

Priority Output for 2015-16

- increase by 0.3% to 96.7% the proportion of full-time college qualifiers in work, training and/or further study 3-6 months after qualifying.

Intermediate level outcomes:

- people are job ready and able to access a range of employment opportunities;
- Colleges identify and respond to the needs of local, regional and national employers; and
- people can access apprenticeship opportunities.

Glasgow Region key outputs

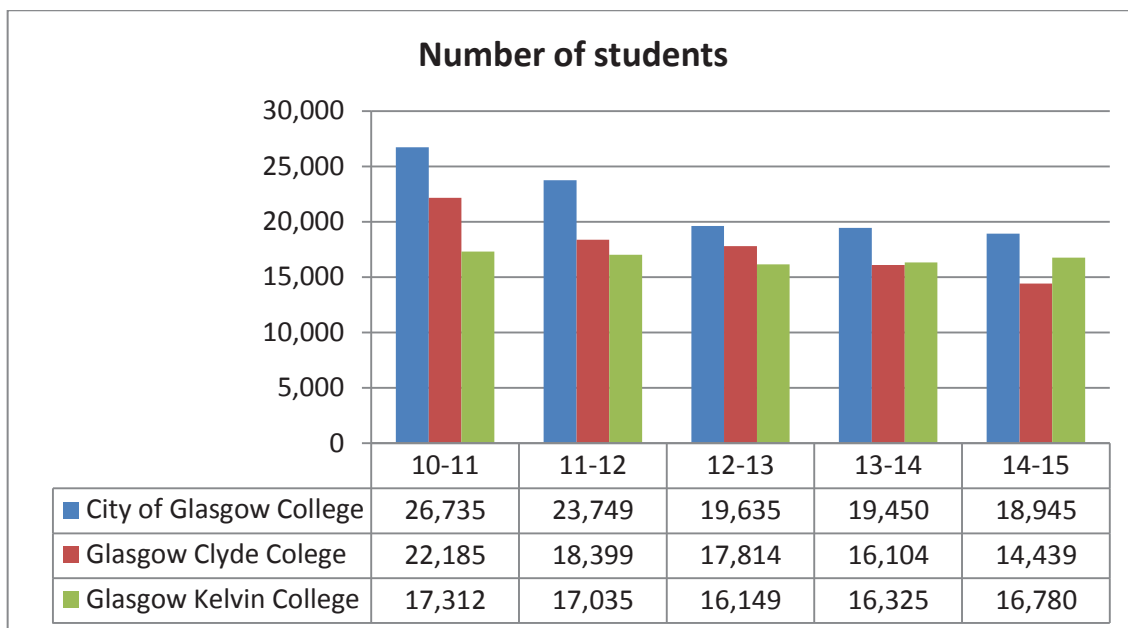
	Glasgow Region		
	13-14	Target	Proj'd (%)
(7a) Proportion of full-time college qualifiers in work, training and/or further study 3-6 months after qualifying	96.2%	96.7%	97%
(7b) Response rate for post-course destination survey respondents	75.5%	76.5%	80 - 85%

Historic trend analysis

1. Introduction

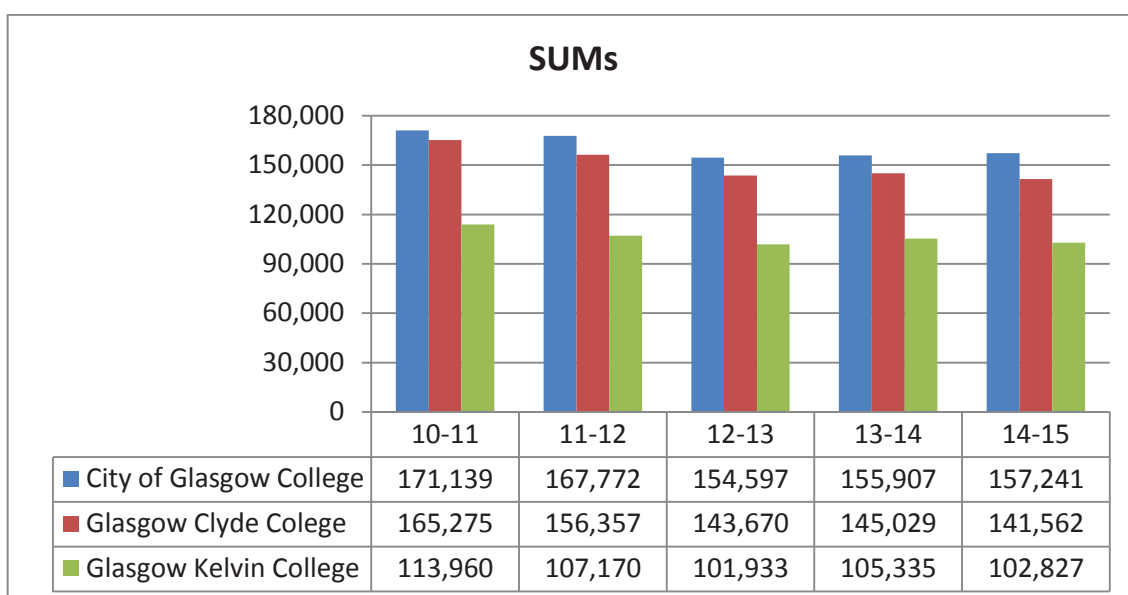
1.1. Board members have previously requested information on learning activity using measures other than Credits. This annex summarises some key data, mainly using numbers of students.

2. Total numbers of students



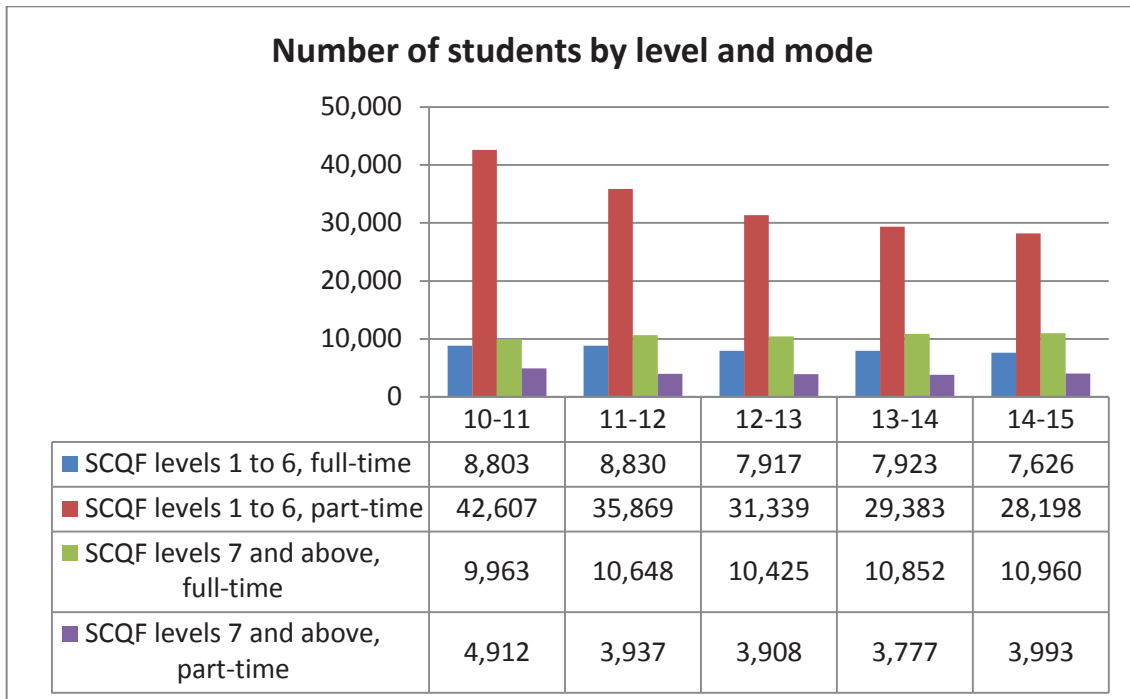
2.1. During the economic downturn there has been a focus on full-time provision for young people. Leaving aside the impact of the reduction in school-college provision for young pupils, while the total volume of learning has remained relatively constant, this focus has led to a reduction in the number of students.

3. SUMs



3.1. SUMs is a better measure of the actual volume of learning since a large amount of part-time students can give a misleading impression how much learning has been delivered. The above graph shows that total SUMs have been fairly constant between 2012-13 and 2014-15. The reductions between 2010-11 and 2012-13 were largely due to decisions to reduce the amount of school-college provision for young pupils. The Scottish Funding Council’s decision to shift some provision closer to learners’ home areas also had an impact on Glasgow, although Glasgow is now on an upward trend.

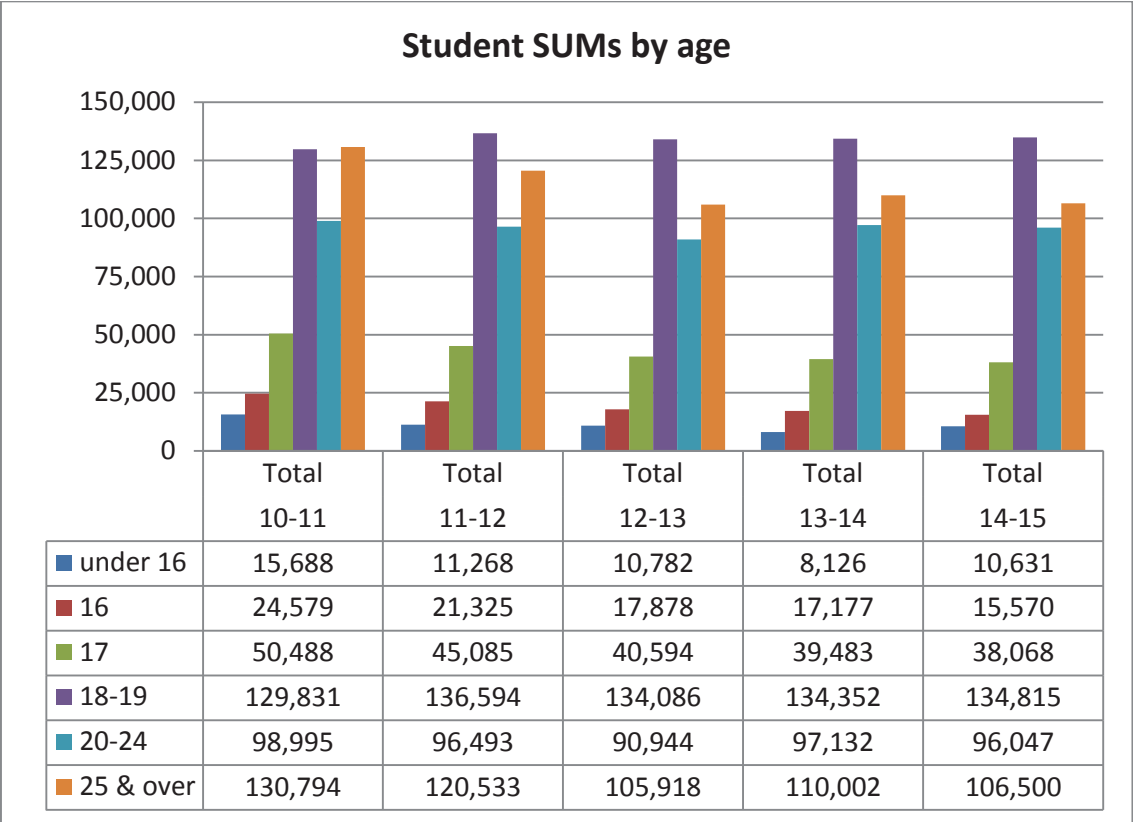
4. Level and mode



4.1. The above graph tells a similar story to the previous charts. In addition, it shows a movement in full-time provision from SCQF levels 1-6 to SCQF levels 7 and above. As is shown in the current ROA, we are now seeking to increase the share of SCQF levels 1-6.

5. Student SUMs by age

5.1. And an analysis by age of student also shows the focus of the key age-group of 18-24 year olds:



Briefing on Credits

- 1.1. Board members have requested a briefing on the change in the SFC's measurement basis (from wSUMs to Credits).
- 1.2. In July 2014 The SFC published a newsletter which explains the new approach, which is available here:
 - http://www.sfc.ac.uk/funding/colleges/college_funding_allocations.aspx
- 1.3. (Although there are some detailed aspects of the new arrangements that are now different from the following, it is still a good description of the overall change.)
- 1.4. At the most basic level, there are two aspects to the changes.

(a) Unpacking the price from the volume

- 1.5. Fundamentally, both approaches do the same thing:
 - They start with a measure of learning, based on the standard unit of 40 hours.
 - Use a 'weight' or different prices to distinguish between low cost and high cost subjects
 - Apply a funding price, to arrive at a 'gross' level of funding (before taking account of fee from other sources)
 - Deduct fees from other sources (for example, from SAAS for HNCs and HNDs), which is the same under both methods.
- 1.6. There are then added other funding elements (for example, for social inclusion). Although there have been changes to these elements as well, they are not directly linked to the shift from wSUMs to Credits
- 1.7. How the two approaches calculate 'gross funding' (i.e. before deducting fees from other sources) is illustrated below:

wSUMs approach	Amount of learning (SUMs, in 40 hour units)	x	Subject weight	=	Weighted SUMs (wSUMs)	x	Single standard price	=	Gross funding
Credit-based approach	Amount of learning (Credits, in 40 hour units)	x	Subject price (varies by subject)				=	Gross funding	

1.8. Therefore:

- previously the differential in subject costs was reflected in a weighting factor that was attached to the measure of learning (hence the 'w' in 'wSUMs');
- now that same differential is recognised by using different subject prices (in effect, the weighting factor is now attached to the price).

(b) Removal of standard 'tariffs' for full-time courses

1.9. For largely historical reasons, standard 'tariffs' were previously used for courses which were defined as 'full-time'. This led to a disconnect between the number of SUMs counted for funding purposes and actual provision. Overall, this has resulted in a decrease in the measure of learning used for funding purposes, but this has been balanced by increases to the prices used for funding.

Implementation of the new arrangements

1.10. For the purposes of measuring learning delivered, the new arrangements were implemented in full with effect from academic year 2015-16. However, they have not yet been used for funding purposes.