

## Performance and Resources Committee Meeting

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| Date of Meeting     | Monday 10 October 2016                  |
| Paper Title         | Additional capital funding for colleges |
| Agenda Item         | 16                                      |
| Paper Number        | PRC2-K                                  |
| Responsible Officer | Robin Ashton, GCRB Executive Director   |
| Status              | Disclosable                             |
| Action              | For Agreement                           |

### 1. Report Purpose

- 1.1. To consider and agree an approach to the distribution within the Glasgow College Region of additional capital funding for colleges in financial year 2016-17.

### 2. Recommendations

- 2.1. The Committee is invited to:

- **note** the additional £2.1m capital funding for provided to the Glasgow College Region by the SFC in financial year 2016-17;
- **consider** and **agree** an approach to the distribution within the Glasgow College Region of the additional capital funding;

### 3. Background

- 3.1. Members will be aware that the SFC college sector regional outcome agreement funding for academic year 2016/17 included a 14.5% reduction in the capital grant awarded to the region (reduced from £4,021,864 in 2015/16 to £3,438,926 in 2016/17).
- 3.2. For 2016/17, the SFC also introduced a new method to allocate capital funding to college regions using a price (£9.33) per Credit. This differed significantly from the previous historical allocation method.
- 3.3. In terms of allocating funding to the assigned colleges, GCRB used an average of the new SFC method and the historical allocation method (less the 14.5% overall reduction). During GCRB board consideration of this proposed approach, members expressed a desire that future methods used by the region to distribute GCRB capital allocations are based on a consideration of regional capital needs.

#### **4. Additional capital funding for colleges in financial year 2016-17**

- 4.1.** The additional funding is part of the Scottish Government's £100 million capital investment package for Scotland, of which £10 million has been allocated to the further education (FE) sector to support the upgrade and maintenance of college estates.
- 4.2.** When the Scottish Government announced this funding, the Chair of GCRB wrote to the SFC noting this allocation and requesting that the Glasgow college region receives an appropriate share. This letter is attached as Annex 1.
- 4.3.** Attached as Annex 2 is an announcement by SFC on 30 September 2016 of additional capital funding for colleges in financial year 2016-17. This announces that Glasgow will receive £2, 182,345 of the additional capital funding.
- 4.4.** Attached as Annex 3 is a response from the SFC to the GCRB Chair, again confirming the Glasgow region allocation and highlighting that the national allocation method used proportionate shares of Credits to determine regional allocations.
- 4.5.** The SFC funding announcement states that to maximise the effect of the capital maintenance investment within each region, they expect these funds to be used to prioritise the most pressing maintenance needs of college estates. To ensure that the SFC can fully demonstrate the impact of this new investment, they state that they will work with the sector to agree a mechanism which identifies and reports on the projects on which the additional funding is to be spent.
- 4.6.** In order to ensure that GCRB distribute this funding based on the most pressing maintenance needs of the Glasgow region estate, and in a way which allows allocations to be made quickly (bearing in mind the allocations should be fully committed by March 31<sup>st</sup> 2017), it is suggested that a short-notice meeting of the Performance and Resources Committee is held on Friday 21<sup>st</sup> October, to enable it to consider capital spend proposals from the assigned colleges.
- 4.7.** This would allow the Performance and Resources Committee to make recommendations on the distribution of these additional capital funds at the meeting of the full GCRB Board on October 31<sup>st</sup>.
- 4.8.** This action would be in line with the terms of reference of the Performance and Resources Committee which authorises it to:
  - advise the Board on the proper control and management of the Region's financial resources;
  - advise the Board on any matter relating to the making of a grant, loan or other payment and the conditions relating to any such payments; and
  - advise the Board in relation to ensuring the economic, efficient and effective use of funds.
- 4.9.** If the above approach to funding distribution is agreed, a framework to benchmark college capital spend proposals would be evaluated to ensure that committee members are able to evaluate these on an equal basis. This evaluation framework would include prompts which allow members to evaluate the impact of any capital spend.
- 4.10.** Members are asked to consider and agree the above proposed approach to the distribution within the Glasgow College Region of the additional capital funding.

## **5. Risk Analysis**

**5.1.** The allocation of capital funding is of particular relevance to the following GCRB identified risks:

- if there is breakdown in performance in the assigned colleges (including academic quality management arrangements and financial sustainability), the Regional Outcome Agreement targets may not be achieved; and
- if there is a material shortfall in the quality of facilities, student success will be reduced.

**5.2.** The late announcement and shortened timescales to spend this additional resource will constrain use of these funds, particularly as time when college estates are not being fully utilised will be limited.

## **6. Legal Implications**

**6.1.** No legal implications are identified. However, it is a statutory function of Regional strategic bodies is to administer funds and fund assigned colleges.

## **7. Financial Implications**

**7.1.** This additional capital funding more than offsets the reduction in capital funding contained within the original capital allocation made within college outcome agreement allocations for 2016/17.

## **8. Regional Outcome Agreement Implications**

**8.1.** The provision of high quality learning environments is integral to the delivery of commitments made in the 2016/17 Glasgow Regional Outcome Agreement.

## Annex 1. Letter from GCRB Chair to SFC Regarding Additional Capital Funding



City of Glasgow College | 190 Cathedral Street | Glasgow G4 0RF | T: +44 (0)141 375 6821

MC/SH/1617011

Wednesday 14 September 2016

Mr John Kemp  
Interim Chief Executive  
Scottish Funding Council  
Apex 2  
97 Haymarket Terrace  
Edinburgh  
EH12 5HD

Dear John,

I was pleased to note the announcement made on the 6<sup>th</sup> September 2016, by Shirley-Anne Somerville Minister for Further Education, Higher Education and Science stating that the Scottish Government has allocated £10 million funding to address capital maintenance needs within the college sector.

As you are aware, whilst significant capital development projects have recently been completed across the Glasgow College Region, parts of the older Glasgow college estate require significant expenditure to ensure that they can provide appropriate and similarly high quality learning environments.

I noted within the Ministerial announcement that the SFC will decide how these additional capital maintenance funds are to be allocated. This letter is to confirm my commitment to support you in this process and to highlight that within our Regional Outcome Agreement plans, the Glasgow Colleges' Regional Board committed to overseeing a review of capital expenditure to ensure that it responds appropriately to estate needs.

The announcement of additional funding to the sector for capital maintenance was welcome, particularly given that the regional allocation of capital funding for 2016/17 was reduced by 15% as compared to 2015/16 levels of funding. Given that Glasgow delivers around one fifth of all Scotland's college education, I would expect a significant element of this additional funding to be used to support the maintenance of the Glasgow College Region estate.

Should you wish to discuss any aspects of this letter further, I would be happy to do so.

Yours sincerely,



Margaret Cook  
Chair

cc: Robin Ashton, GCRB Executive Director  
Paul Little, Principal, City of Glasgow College  
Alan Sherry, Principal, Glasgow Kelvin College  
Susan Walsh, Principal, Glasgow Clyde College  
Linda McLeod, Assistant Director/Outcome Manager, Scottish Funding Council

## Annex 2 Response from SFC Interim Chief Executive to GCRB Chair



Our ref: 246787491

30 September 2016

Margaret Cook  
Chair  
Glasgow Colleges' Regional Board  
City of Glasgow College  
190 Cathedral Street  
Glasgow  
G4 0RF

Dear Margaret

### **Additional £10m in Capital Funding for the College Sector in 2016/17**

Thank you for your letter of 14 September with respect to the additional capital funding being provided to the college sector in 2016/17. In the letter you outlined your expectation that the Glasgow College Region receives a significant element of this additional funding.

SFC has decided that the additional £10 million will be allocated in the same way as the original £15.6 million that was announced in the Final Outcome Agreement Funding allocations in May of this year. As such, the additional funds will be allocated in proportion to each college region's 2016-17 credit target.

The proposed formulaic allocation of this one-off additional investment is intended to ensure that its economic impact is felt across the country. All college regions have capital maintenance needs and therefore this allocation will ensure that funds are deployed in each region to benefit students and staff, while giving an immediate impact on local employment as upgrade and repair work is contracted.

Scottish Funding Council  
Apex 2  
97 Haymarket Terrace  
Edinburgh  
EH12 5HD  
T 0131 313 6500  
F 0131 313 6501  
[www.sfc.ac.uk](http://www.sfc.ac.uk)

We consider this method of allocation to be straight-forward, transparent and consistent with previous grants, and believe that to further weight the distribution with additional capital/estate criteria (e.g. age or condition of estate etc.) would be an unnecessary complication for a single investment where funds have to be released and spent by the end of March 2017.

In order to maximise the effect of this additional capital maintenance investment, colleges will be asked to prioritise the most pressing maintenance needs of their individual estates. We will expect capital works identified by colleges to provide an economic benefit to their regional economies and we are discussing with Colleges Scotland how best to capture those benefits.

Yours sincerely



**John Kemp**  
Interim Chief Executive

cc: Robin Ashton, Executive Director, GCRB  
Paul Little, Principal, City of Glasgow College  
Alan Sherry, Principal, Glasgow Kelvin College  
Susan Walsh, Principal, Glasgow Clyde College  
Linda McLeod, Assistant Director and Outcome Agreement Manager, SFC





# SFC Announcement

## Additional capital funding for colleges in 2016-17

Issue date: 30 September 2016

Reference: SFC/AN/11/2016

Summary: Announcement of additional capital funding for colleges in FY 2016-17

FAO: Chairs, Principals/Chief Executives and Directors of Scotland's colleges/regional strategic bodies and Board Secretaries

Further information: **Contact:** Martin Smith  
**Job title:** Chief Funding and Information Officer  
**Department:** Finance  
**Tel:** 0131 313 6528  
**Email:** [msmith@sfc.ac.uk](mailto:msmith@sfc.ac.uk)

**Contact:** Martin Kirkwood  
**Job title:** Assistant Director  
**Department:** Finance  
**Tel:** 0131 313 6583  
**Email:** [mkirkwood@sfc.ac.uk](mailto:mkirkwood@sfc.ac.uk)



Scottish Funding Council  
Promoting further and higher education

Scottish Funding Council  
Apex 2  
97 Haymarket Terrace  
Edinburgh  
EH12 5HD  
T 0131 313 6500  
F 0131 313 6501  
[www.sfc.ac.uk](http://www.sfc.ac.uk)



## **Additional capital funding for colleges**

1. I am writing to inform you of the allocation of additional capital funding for Financial Year (FY) 2016-17. The additional funding is part of the Scottish Government's [£100 million capital investment package](#) for Scotland, of which £10 million has been allocated to the further education (FE) sector to support the upgrade and maintenance of college estates.
2. The additional funding brings the total maintenance element of FE capital funding for FY 2016-17 to £25.6 million.
3. This £10 million of additional funding is to be spent on college capital maintenance in FY 2016-17.
4. To maximise the effect of the capital maintenance investment, we look to colleges to prioritise the most pressing maintenance needs of their individual estates. To ensure that we can fully demonstrate the impact of this new investment, we will work with the sector to agree a mechanism by which colleges can identify and report on the projects on which the additional funding is to be spent.
5. Revised allocations are shown in Table 1 attached.

### **Further information**

6. Please contact Martin Smith, Chief Funding and Information Officer, Tel: 0131 313 6528, email: [msmith@sfc.ac.uk](mailto:msmith@sfc.ac.uk) or Martin Kirkwood, Assistant Director, Tel: 0131 313 6583, email: [mkirkwood@sfc.ac.uk](mailto:mkirkwood@sfc.ac.uk).



**John Kemp**  
Interim Chief Executive