

## Performance & Resources Committee Meeting

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| Date of Meeting     | 10 October, 2016  |
| Paper Title         | Update on the development of the regional funding model |
| Agenda Item         | 15  |
| Paper Number        | PRC2-L  |
| Responsible Officer | Robin Ashton, GCRB Executive Director                   |
| Status              | Disclosable   |
| Action              | For noting  |

### 1. Report Purpose

- 1.1. Note progress to further develop a regional funding model for the allocation of teaching grant funding.

### 2. Recommendations

- 2.1. The Committee is invited to **note** this report as evidence of progress to further develop the regional funding model.

### 3. Update on the development of the regional funding model

- 3.1. Members will be aware that as a regional strategic body, a key role of GCRB is to fund the assigned colleges.
- 3.2. Alongside the drafting of a Regional Outcome Agreement for 2016/17, the GCRB executive worked with the colleges on the development of a regional funding methodology. The funding amount for 2016/17 for each College within the region was accepted after a number of meetings; however the regional funding model was not agreed.
- 3.3. The 2016/17 ROA contained a commitment to review the regional funding distribution method and propose further enhancements.
- 3.4. The regional college Sustainable Institutions workgroup have begun work to review the regional funding model which created the 2016/17 allocations and consider the future regional funding model. This review work is being undertaken in parallel to an SFC review of the Credit based methodology, and representatives from both GCRB and some Glasgow Colleges management staff are involved in this national review process.
- 3.5. Members should note that whilst SFC did not fully implement the Credit based model nationally when making regional allocations for 2016/17, their review activity has confirmed their intention that the Credit based approach will be fully implemented, and that a main focus of their review will be to determine how this transition can be managed and achieved.

- 3.6.** Bearing this national context in mind, GCRB and college managers have started to review funding approaches used to determine the Glasgow college allocations for 2016/17 and have agreed the main areas of activity to be undertaken with a view to agreeing a regional funding model for 2017/18.
- 3.7.** The following funding elements were evaluated:
- Gross credit funding and use of curriculum profiles;
  - Social Inclusion Funding and use of methods related to shares of SIMD10 learners and Credits;
  - Extended Learning Support Funding based on a proportion of Credits;
  - Assumed Fees and use of benchmarks scaled targets;
  - Efficiency Savings related to historical savings based on division/ proportion of Credits and new savings specific to City of Glasgow College; and
  - European Social Funding based on average Credit delivery price.
- 3.8.** Members should note that it was agreed that Capital funding approaches would be discussed at a future meeting.
- 3.9.** Following discussion of the above funding elements, the group decided that further work was required on all elements with particular focus however on the use of curriculum profiles to determine Gross Credit funding, and the calculation method to determine assumed fees as these had the greatest impact on the funding model outcomes.
- 3.10.** To take forward these two aspects, the GCRB Executive Director will work with the regional Learning and Teaching Group to develop planned curriculum profiles which the Sustainable Institutions Group can then model financially. Alongside this work, college Finance Directors will undertake a deeper analysis of fee data with a view to providing more detailed analysis of the estimates of assumed fees.
- 3.11.** A further update on the development of the regional funding model will be provided at the next meeting of the Committee.

#### **4. Risk Analysis**

- 4.1.** The allocation of ROA funding is of particular relevance to the following GCRB identified risks:
- if Scottish Government and SFC are unable to allocate adequate resources for the college sector and Glasgow respectively, it might not be possible to sign the Regional Outcome Agreement and its delivery will be put in jeopardy;
  - 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;
  - if there is a material shortfall in the quality of facilities, student success will be reduced; and
  - if there are insufficient non-advanced student support funds, students will be unable to take up places offered and activity targets will not be met.

## **5. Legal Implications**

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

## **6. Financial Implications**

- 6.1.** Colleges face severe financial challenges, particularly in light of wage increase related cost pressures. The regional funding model seeks to support funding decisions based on evidence, and which are transparent, respond to regional curriculum needs, respect and value assigned college contributions, and support continued financial sustainability.
- 6.2.** The region's financial position is reported to each meeting of the Performance and Resources Committee, and this includes assigned college financial monitoring and forecasting reports.

## **7. Regional Outcome Agreement Implications**

- 7.1.** The regional funding model seeks to align funding to Regional Outcome Agreement commitments.