

Performance & Resources Committee Meeting

Date of Meeting	Monday 21 March 2016
Paper Title	2016-17 Regional Outcome Agreement
Agenda Item	8
Paper Number	PRC3-D
Responsible Officer	Stuart Thompson, Executive Director Finance, City of Glasgow College and Martin Fairbairn, Interim Chief Officer, GCRB
Status	Disclosable
Action	For Discussion

1. Report Purpose

- 1.1. Receive an update on development of the 2016-17 Regional Outcome Agreement (ROA), including funding implications.

2. Recommendations

- 2.1. The Committee is invited to **comment** on this update.

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. The Committee considered a draft of the ROA at its December meeting, which was then also reviewed by the Board at its January meeting.

4. Timetable

- 4.1. The Scottish Funding Council'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.
- 4.2. If an announcement is made at some point within the next few weeks, we would hope to have an initial discussion of the funding consequences at the Board meeting on 25 April, with final consideration of the 2016-17 ROA taking place at the June board meeting.

4.3. The rest of this paper:

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

5. Planned curriculum movements

5.1. 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
Transfer of accounting, computing, social science and travel/tourism provision from Glasgow Kelvin College to City of Glasgow College (mainly HN courses)	4,400		-4,400	0
Transfer of life and chemical sciences from Glasgow Kelvin College to Glasgow Clyde College		2,000	-2,000	0
General decrease in Glasgow Clyde College provision		-3,900		-3,900
General increase in City of Glasgow College provision	9,000			9,000
Other movements			-100	-100
Sub-total of movements	13,400	-1,900	-6,500	5,000
Projected 2016-17 targets	169,600	121,700	78,100	369,400

5.2. 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.

5.3. There is no firm information about whether the additional 3,093 Credits that have been allocated to Glasgow in 2015-16 will also be added in 2016-17.

6. Core funding for Glasgow

6.1. The core funding for colleges in 2015-16 was essentially 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.

6.2. 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>

6.3. 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.

6.4. As is explained in the briefing on the new Credit-based approach in paper PRC3-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.

6.5. 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).

6.6. The Interim Chief Officer has been working closely with senior colleagues in the three colleges to analyse the possible funding scenarios, which can be summarised as follows:

	£M
2015-16 funding	77.1
Using 2016-17 Credit targets and the most up-to-date published statistical information (including 2014-15 price group profiles)	78.7
As above, but using projected 2016-17 price group profiles	79.6

6.7. The Interim Chief Officer has written to SFC setting out the expected funding levels using 2016-17 price group profiles. It is hoped to be able to provide a verbal update to the Committee at its meeting on Monday 21 March.

7. Deployment of core funding

- 7.1.** 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.
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)	We expect this element to be withdrawn for 2016-17 (which will increase the funding available to Glasgow).

- 7.2.** 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 assumptions is incorrect, it may be necessary to modify some of the above.

8. Risk Analysis

- 8.1.** Since the 2015-16 ROA represents the region's strategic aspirations, the risks are those contained in GCRB's risk register.

9. Legal Implications

- 9.1.** Although GCRB does not yet have the ability to make final decisions on the 2016-17 ROA it is appropriate for GCRB to approach the development of the 2016-17 ROA as if it did have that status so that it is able to provide advice to the Scottish Funding Council and Scottish Government.

10. Financial Implications

- 10.1.** Sections 6 and 7 describe the current position with regard to 2016-17 core funding.

11. Regional Outcome Agreement Implications

- 11.1.** This paper addresses development of the next Regional Outcome Agreement.