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**FINANCE AND RESOURCES COMMITTEE MEETING**

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Date of Meeting	1 March 2017
Paper Title	SFC Indicative Funding for the Region for 2017/18
Agenda Item	17.05
Paper Number	17.05A
Responsible Officer	Janet Thomson, Vice Principal Resources and College Development
Status	Disclosable
Action	For Discussion

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**1 Report Purpose**

- 1.1** The Scottish Funding Council (SFC) indicative funding allocation for 2017/18 was announced on Friday 10 February 2017. The funding document and tables are available on the SFC website and are attached. This paper provides some of the key highlights overall and related to the Glasgow Region indicative figure. The allocations to each College are still to be agreed and there is discussion on this being undertaken at the Glasgow Colleges Group (GCG) Regional Groups.

**2 Recommendations**

- 2.1** The Finance and Resources Committee is asked to review and discuss the SFC Indicative Funding Allocation to the Region for 2017/18.

**3 Background and Commentary**

- 3.1** The SFC indicative funding allocation for 2017/18 includes the following areas:
- 3.1.1 Guidance and Policy Priorities – these are within paragraph 9 of the attached announcement from SFC.
  - 3.1.2 Student Activity Core Credits Targets – overall 1,690,618 funded core credits for sector and 368,574 funded core credits for Glasgow Region which is unchanged total from 2016/17. Also in this section of the announcement it is indicated that SFC expect to allocate additional childcare places as part of Scottish Government’s budget and their understanding is that there will be additional funding provided for these.

- 3.1.3 Main Grant Teaching Funding – Overall this fund has increased by 2.5% for the sector see table 2 of the SFC announcement. There has been an increase of 1.8% to all Colleges. Also there is an adjustment to reflect the phasing in of the new “simplified” model (based on credits and price groups) compared to the historic model. However, the movement to the new simplified model has been limited to a maximum of 1% for any Region. This 1% limit has a significant impact to the funding to the Glasgow Region where the difference between the simplified and historical models is £1.885Million higher in the simplified model; however, the funding adjustment has been limited to £810k. Therefore, the overall increase for the Region is the 1.8% plus the 1% hence 2.8%.
- 3.1.4 Flexible Workforce Development Funding – The announcement indicates that there is a sum of £6Million which was previously part of the Employability Fund which has now been ring fenced to be the Flexible Workforce Development Fund. This has a link to the Apprenticeship Levy overall budget.
- 3.1.5 University Articulation Places – These are continued for 2017/18; however, SFC plans to review the scheme for 2018/19 once they have final data for the full four years it has been in operation.
- 3.1.6 Student Support – This has been increased by GDP inflation of 1.45% and SFC have set aside £2M for in year redistribution. Although the initial student support funding for the Region for 2017/18 of £21.9Million is lower than the 2016/17 figure after in year redistribution of £22.5Million.
- 3.1.7 Strategic Funds – These total £17.2Million which is £1.7Million higher than 2016/17. These are to cover a range of “ongoing commitments”. These commitments include a range of areas, the most directly relevant of which for the College/Region are additional English for Speakers of Other Languages activity, additional credits to “meet a long standing commitment related to the Glasgow Curriculum and Estates Review”, and a commitment to carry out a sector wide estates condition survey.
- 3.1.8 European Social Funding – The ESF budget for 2017/18 will total £19.7Million which is just under £1Million higher than 2016/17.

3.1.9 Capital Funding – Although the total capital funding for the sector for 2017/18 at £47.4Million is significantly higher than for 2016/17 the majority of it is allocated to specific projects/payments the largest of which is £21.5Million for Forth Valley College’s Falkirk Campus. The capital/maintenance grant funding for 2017/18 for distribution to the sector is £20.8Million of which Glasgow Region’s allocation is £4.57Million which compares to £3.44Million for 2016/17 from the original allocation (before the additional 2016/17 in-year funding allocation to the Region of £2.1Million). The funding allocation indicates that the 2017/18 allocation has been based on credits; however, future allocations may be on a different basis, ie one that is more reflective of actual need and the SFC announcement states that this will be informed by their planned sector estate condition survey.

#### **4 Issues**

- 4.1** The main issue from the SFC indicative funding allocation for the Region is the application of the 1% limit to the difference between the historic and simplified models. As indicated above this means that the Glasgow Region receives £810k from the uplift towards the simplified credit funding model compared to a difference of £1.88Million. The detail of the calculation of the simplified model has not been made available as part of the announcement and we will ask SFC to provide it. The GCRB Executive Officer and Chair had made representation to SFC on this matter for 2016/17’s allocation when the reduction was £336k rather than £1.07Million and it had been hoped that the limit would be adjusted from the 1% for 2017/18; however, it has not been. There will be discussion with GCRB to agree what action the Region will take on this for 2017/18.
- 4.2** The second big issue related to this is how these funds are allocated to each of the Colleges within the Region. There was a proposed model prepared by GCRB last year which was not agreed; however, the Colleges accepted the values within the model as a working position for 2016/17. There have been discussions over recent months on the future funding model and the elements within the Regional model are being discussed at the GCG Sustainability Group and at a recent GCG Principals’ Group. The timescale for finalising the funding allocations to each of the Colleges in GCRB’s planning is to present the planned allocations by mid-March and work has been ongoing and will continue to discuss the model for the allocations to each College.

- 4.3** The other issue from the announcement for the Region is the additional credits mentioned related to the Curriculum and Estates Review. There has been some discussion at the GCG Learning and Teaching group on potential additional credits and further information is awaited from SFC.
- 4.4** Finally there is a deduction from the available Regional funding for the running costs of the GCRB. The deduction for 2016/17 was £180k which was shared equally across the three Colleges. The current budget for GCRB for 2016/17 is £245k with the balance over the £180k being met from a carried forward fund from SFC which will run out within 2017/18 and hence the deduction to fund GCRB will be higher in 2017/18 plus there is a likelihood that their running costs will also increase as they have sought a further post be added.

## **5 Risk Analysis**

- 5.1** There are risks associated with the SFC funding announcement as the Region which are mainly financial and relate to institutional sustainability depending on the total funding available to the Region and the distribution of these funds to individual Colleges.

## **6 Legal Implications**

- 6.1** There are no specific legal implications associated with the SFC Indicative Funding Allocation.

## **7 Financial Implications**

- 7.1** The financial implications are that SFC funding is the main element of the College's annual income. The funding to the Region for 2017/18 is an increase of 2.8% overall however it is essential that this is distributed fairly and to assist in maintaining College's sustainability in a period of rising costs particularly in relation to staffing through national bargaining changes.

## **8 Regional Outcome Agreement Implications**

- 8.1** The Regional Outcome Agreement implications are that each of the Colleges in Glasgow needs to have institutional sustainability and the funding distribution is a key element of this.

9 **Has an Equality Impact Assessment Been Carried Out?**

Not applicable.