GCRB Glasgow Colleges' Regional Board

Board Meeting

Date of Meeting	Monday 19 April 2021
Paper Title	Indicative Funding Allocations for 2021-22
Agenda Item	
Paper Number	BM7-
Responsible Officer	Jim Godfrey, Finance and Resources Director
Recommended Status	Non-Disclosable under FOI(S)A S:30, Prejudice to the Effective Conduct of Public Affairs, pending consideration and final decision by Board.
Action	For Decision

1. Report Purpose

1.1. To provide the Board with the indicative funding allocations for 2021-22.

2. Recommendations

2.1. The Board is recommended to:

- **Note** the Indicative Funding Allocations for 2021-22 that were issued by the Scottish Funding Council (SFC) on 24 March 2021.
- **Note** the Indicative Funding Allocations 2021-22 (Glasgow Region) that were approved by the GCRB Performance and Resources Committee on 31 March 2021.
- **Consider**, and **approve**, the minor amendments to the Indicative Funding Allocations 2021-22 (Glasgow Region)[1].
- **Comment** on and **determine** the indicative funding allocations for 2021-22, and
- **Request** that the final allocations for 2021-22 are considered by the Performance and Resources Committee at its next meeting.

3. Background

3.1. Members will be aware that the announcement of the UK and Scottish Budgets was later than usual this year[2]. The indicative college budgets are normally published in February but the announcement was made in late March this year.

[1] Minor revisions proposed as a result of feedback received and further consideration of the credit allocation in April 2021.
[2] For the 2021-22 budget the announcement was delayed by the UK Government as a result of its response to the Covid-19 pandemic.

3.2. On Wednesday, 24 March 2021, the Scottish Funding Council (SFC) announced the indicative funding allocations for 2021-22. A copy of the full announcement is available via the following link:

http://www.sfc.ac.uk/publications-statistics/announcements/2021/SFCAN112021.aspx

3.3. The delay in the publication of the UK, and Scottish, budgets reduced the time available for financial planning. In addition, GCRB was not provided with the funding allocations in advance of the SFC funding announcement on 24 March 2021. It is imperative to provide information to the Glasgow colleges as soon as possible but the consequence is that there is limited opportunity to do anything other than follow the allocation process adopted by the SFC.

3.4. In addition, we have sought to provide a clear, low risk approach to the preparation of the Indicative Funding Allocations to ensure provision of a stable and consistent position in a time of significant challenge.

3.5. The Board is asked to **note** the Indicative Funding Allocations for 2021-22 that were issued by the Scottish Funding Council (SFC) on 24 March 2021.

4. Feedback Received from Glasgow college representatives

4.1. A meeting was hosted by GCRB on 30 March 2021 with college colleagues to discuss the credit allocations. In particular, the challenges surrounding Foundation Apprenticeships, National Transitions Training Funds and Young Persons Guarantee were discussed. A further meeting took place on 7 April 2021 of the Glasgow Colleges Sustainability Group to discuss the indicative funding allocations.

4.2. Feedback received at these meetings, together with comments from college Principals at the Performance and Resources, has been used to inform this latest iteration of the indicative funding allocation for 2021-22.

4.3. It is worth noting that there is not always a unanimous view. Therefore judgement must be exercised in recommending a optimal outcome.

5. Indicative Teaching Allocations 2020-21 (Table 2)

5.1. The core allocation to the Glasgow college region is £108.1m in 2021-22 compared to £100.2m in 2020-21. This represents an increase in funding of £7.9m (7.9%). The increase in funding consists of different components as summarised in the table below:

	£m
General Cost Pressures	2.4
Foundation Apprenticeships	1.3
Deferred Student Places	2.1
Digital Capacity	1.1
Mental Health Support	1.0
Total	**7.9**

5.2. It is important to note that:

- The inflationary increase in funding (to the Glasgow region) is 2.4%. It is worth noting that the majority of this increase will be absorbed by the anticipated increase in staff pay. The pay settlement for 2021-22 has not been agreed but will take cognisance of public sector pay policy[3]. In addition to the increase in pay, colleges are liable for the related pension and national insurance contributions.
- Some of the increased allocation (e.g. £1.3m for Foundation Apprenticeships) is a reallocation of money that was previously paid to colleges via another funding mechanism (i.e. contracts from Skills Development Scotland). Therefore, this is the replacement of existing funding rather than a real increase in college income.
- The funding for deferred students is matched by an increase in the credit target. At this time, the quantum of deferred students in 2021-22 is unknown and therefore the actual number of students cannot be predicted with certainty.
- Funding for digital capacity and mental health is ring-fenced for specific purposes.

5.3. The sections below consider the indicative college allocations, in more detail.

6. Pension Costs/General Cost Pressures (Columns D & E – Table 2)

6.1. The core grant for AY 2021-22 has been increased by £2.42 million (2.4%) which includes an increase of £80,000 for pension costs.

6.2. The increase in pension costs has been allocated to City of Glasgow College and Glasgow Clyde College in proportion to the amounts embedded in their allocations for 2020-21. No additional allocation has been made to Glasgow Kelvin College as the embedded allocation in 2020-21 is expected to meet the anticipated pension cost in 2021-22[4].

6.3. The remaining £2.34 million has been allocated in accordance with the baseline funding for AY 2021-22. As a result of this uplift, the gross credit price will increase by an average of 2.4%[5].

6.4. As highlighted previously, the increased funding for general cost pressures is expected to be utilised to meet the cost of the 2021-22 pay settlement.

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[3] Public Sector Pay Policy was prepared for 2021-22 but a further amendment was agreed when the budget was approved by the Scottish Parliament in March 2021. Public sector pay is therefore expected to increase by £800 for salaries below £25,000, 2% for salaries between £25,000 and £40,000 and 1% for salaries up to £80,000.

[4] The issue of pension costs for 2020-21 was considered by the Performance and Resources Committee at its meeting on 31 March 2021. A recommendation, of the Committee, is the subject of a separate paper on this agenda.

[5] The increase for each college is: City of Glasgow College 2.47%, Glasgow Clyde College 2.44% and Glasgow Kelvin College 2.32%

7. Regional Allocation (Column F – Table 2)

7.1. The detailed GCRB Budget for 2021-22 is the subject of a separate report on this agenda. For the purpose of this indicative allocation, the GCRB Budget (allocated from the regional grant) is £463,000 for running costs and £206,000 for the regional Programme of Action.

7.2. Within the indicative allocation is a sum of £137,602 which is the net reduction in the Programme of Action for 2021-22 (compared to 2020-21). This amount will be used to support regional collaboration projects. Further work will develop specifications for these projects before the final allocation is proposed.

8. Foundation Apprenticeships (Column G – Table 2)

8.1. From AY 2021-22, SFC will take over the funding of Foundation Apprenticeships (FAs) delivered directly through Scotland's colleges. FAs that are delivered through local authorities, or independent training providers, will continue to be funded by Skills Development Scotland (SDS).

8.2. SFC has allocated £1.32 million to the Glasgow college region for AY 2021-22 which will fund the delivery of 453 starts (4,800 credits). This funding has been made available for AY 2021-22 to support the transition of FAs from SDS to SFC core funding.

8.3. The indicative allocations for each college are estimated using information available at this time. Discussions are on-going with the Glasgow colleges to finalise the distribution of Foundation Apprenticeships (starts, credits and funding) for 2021-22. It is anticipated that the final allocation will reflect the outcome of discussions.

8.4. A further issue to be considered is the cost of the regional FA administration team (based within Glasgow Kelvin College). The final funding allocation will need to take into account the cost of the team and the proportion of the team's activity on behalf of the other two colleges.

9. Deferred Students (Table H – Table 2)

9.1. £2.09 million has been allocated to the Glasgow college region to allow students, whose studies have been disrupted by COVID-19, to complete their courses and move onto further study or employment. This additional funding has been allocated in proportion to colleges' existing allocations of core teaching grant. It is important to note that the regional credit target has increased by 7,045 to reflect the additional number of students in 2021-22.

10. Digital Learning (Table I – Table 2)

10.1. £1.11 million has been allocated to the Glasgow college region to support colleges' transition towards the provision of increased digital learning. This additional funding has been allocated to the region in proportion to colleges' share of student activity (credit) targets. SFC are expected to provide further guidance on the use of these funds, along with monitoring and reporting arrangements, following this funding announcement.

10.2. If the allocation of core credits is subject to the minor change (see section 11) then this would result in the following change to the indicative allocation of funding for digital learning (compared to the indicative allocation considered by the Performance and Resources Committee):

	£
City of Glasgow College	+£866
Glasgow Clyde College	+£462
Glasgow Kelvin College	-£1,328

10.3. The indicative allocation distributes all of the funding in accordance with the share of student activity (i.e. all funding is allocated to the individual colleges). As an alternative, it would be possible to allocate some funding to the region (for collaborative digital projects) and distribute the remainder based upon credit activity.

10.4. Further work will take place before a final proposal is presented to the Performance and Resources Committee at its next meeting.

11. Mental Health (Table J – Table 2)

11.1. The Scottish Funding Council has allocated £0.98 million to enable the Glasgow college region to provide additional mental health services to staff and students due to the impact of COVID-19. This additional funding has been allocated to the region in proportion to colleges' share of student activity (credit) targets. SFC are expected to provide further guidance on the use of these funds, along with monitoring and reporting arrangements.

11.2. If the allocation of core credits is subject to the minor change (see section 11) then this would result in the following change to the indicative allocation of funding for mental health (compared to the indicative allocation considered by the Performance and Resources Committee):

	£
City of Glasgow College	+£762
Glasgow Clyde College	+£406
Glasgow Kelvin College	-£1,168

11.3. The indicative allocation distributes all of the funding in accordance with the share of student activity (i.e. all funding is allocated to the individual colleges). As an alternative, it would be possible to allocate some funding to the region (for collaborative mental health projects) and distribute the remainder based upon credit activity.

11.4. Further work will take place before a final proposal is presented to the Performance and Resources Committee at its next meeting.

12. Indicative Student Activity (credit) targets - (Table 3)

12.1. Core activity credit target - The Scottish Government has reaffirmed its commitment to maintain the circa 116,000 Full-Time Equivalent (FTE) volume target for college student places in AY 2021-22. The core teaching grant, allocated for AY 2021-22, is intended to deliver the core target of 373,541 credits in the Glasgow college region. This equates to 22.2% of all credit activity in Scotland.

12.2. Following further consideration of the core credit target, the following change is proposed (compared to the indicative allocation considered by the Performance and Resources Committee):

	Credits
City of Glasgow College	+300
Glasgow Clyde College	+160
Glasgow Kelvin College	-460

12.3. The effect of this change is to ensure that the increase in the average price per credit is consistent across all three colleges for 2021-22. The proposed change to the credit target has minimal impact on the financial allocations for capital, mental health and digital.

12.4. European Social Fund (ESF) credit target - AY 2021-22 is the final year of the European Social Fund (ESF) programme for colleges. In order to ease the transition to AY 2022-23, when ESF funding will no longer be available, SFC have adjusted the balance between core credits and ESF credits. As a result of this rebalancing, each college will have the same proportion of ESF credits in addition to their core credits and, therefore, the reduction in additional ESF credits in AY 2022-23 will be equal across the sector. 11,173 credits have been allocated to the Glasgow college region for ESF activity, making up 3.0% of the core credit target allocated to the Glasgow college region (before the additional credits set out below).

12.5. Foundation Apprenticeship credit target – the Glasgow college region has been allocated 4,800 credits for Foundation Apprenticeships in AY 2021-22, reflecting a target of 453 students embarking on Foundation Apprenticeships in AY 2021-22. The distribution of credits is based on the maximum of either the current contracts that colleges have in place or senior phase school roll, factoring in the capacity of colleges to deliver these commitments.

12.6. Credits for deferred students - an additional 7,045 credits have been allocated to support deferred students. This represents an increase of 1.8% on the baseline credit target.

13. Student Support (Table 4)

13.1. Student support funding for AY 2021-22 has been set at £28.8 million for the Glasgow college region. This represents an increase of £0.5 million (1.9%) compared to the previous year. Indicative allocations to individual colleges are set out in Table 4.

13.2. The COVID-19 pandemic has had a significant impact on students in terms of disruption to their education and, in many cases, financial hardship. Given the uncertainties around the number of students yet to complete courses and full return to campus teaching there may well be a need to provide additional student support. SFC have therefore identified £3.8 million contingency funding that can be deployed if necessary.

14. Capital Funding (Table 5)

14.1. There are two elements to the grant allocation; funding for lifecycle maintenance and funding for high-priority backlog maintenance. The total amount of funding available to the Glasgow college region is £5.15 million, which is 3.2% lower than the amount received for 2020-21.

14.2. The capital funding for lifecycle maintenance is allocated based on the respective share of the credit target. Table 5 has been revised to reflect the proposed change to the core credit allocation (see above). The effect of this change is as follows:

	£
City of Glasgow College	£2,052
Glasgow Clyde College	£1,094
Glasgow Kelvin College	-£3,146

14.3. Capital funding is also provided by SFC to address the backlog maintenance identified within the previous National Condition Survey. The amount allocated to the Glasgow region for high-priority backlog maintenance is almost identical to the amount provided in 2020-21 (i.e. £2.439m in 2021-22 compared to £2.442m in 2020-21). For the purpose of the indicative allocation the amount allocated to the three colleges is the same proportion as in 2020-21.

14.4. To assist with the final allocation, Glasgow Kelvin College and Glasgow Clyde College are invited to provide their capital expenditure programmes identifying how these works address the priority issues within the condition survey.

15. Recommendation

15.1. The Board is asked to:

- **Consider**, and **approve**, the minor amendments to the Indicative Funding Allocations 2021-22 (Glasgow Region).
- **Comment** on and **determine** the indicative funding allocations for 2021-22, and
- **Request** that the final allocations for 2021-22 are considered by the Performance and Resources Committee at its next meeting.

16. Other

16.1. There are other sources of funding that have not been confirmed within the indicative allocations by the Scottish Funding Council. Future announcements are anticipated regarding:

- Skills Based Short Courses
- Flexible Workforce Development Fund
- Other Programmes

16.2. In addition to the core funding announcement, it is important to highlight that there are also other sources of funding provided by the Scottish Government/Scottish Funding Council. These sources of funding are often advised in separate funding announcements and examples include:

- Mental Health Counsellors,
- Access to Sanitary Products, and
- Innovation Funding.

16.3. Government funding has also been provided previously for strategic projects. Projects funded in 2020-21 included:

- Young Enterprise Scotland - Bridge 2 Business (Glasgow Region),
- Gaelic Immersion (Glasgow Kelvin College), and
- Automotive Smart Skills (Glasgow Clyde College).

16.4. It is noted that the Scottish Funding Council has identified £48.3 million for Other Funding (see Table 1). This includes £10.0 million for Skills Based Short Courses, £17.0 million for Flexible Workforce Development and £21.3 million for Other Programmes. This funding has not been allocated to colleges/college regions at this time but will be the subject of separate announcements.

17. Risk Analysis

17.1. One of the key risks facing the Glasgow Region is that "Financial sustainability is jeopardised by a reduction in funding and/or an increase in costs." The indicative funding announcement contains some sources of funding that enable the Region to meet additional costs in 2021-22 and recovery from the Covid-19 pandemic.

18. Legal Implications

18.1. There are no legal implications associated with this paper.

19. Resource Implications

19.1. The funding implications are set out in the body of this report.

20. Strategic Plan Implications

20.1. The provision of funding for 2021-22 provides the resources to support the delivery of the Regional Outcome Agreement and regional strategic ambitions.

Glasgow Region - Indicative overall budget for 2021-22 **Table 1**

Revenue funding	AY 2021-22	AY 2021-22
	Glasgow	Scotland
	£'000	£'000
(1)	(2)	(2)
Teaching		
Core Teaching & fee waiver funding	97,015	487,279
ESF Programme	3,160	13,179
Foundation Apprenticeships	1,320	8,692
Deferred students	2,090	10,000
General Uplift	2,418	11,570
Digital Learning	1,110	5,000
Mental Health	977	4,400
Total Teaching	**108,090**	**540,120**
Student Support	28,806	140,597
Student Support Contingency	0	3,770
Total Student Support	**28,806**	**144,367**
Other funding		
Skills Based Short Courses	0	10,000
Flexible Workforce Development Fund	0	17,000
Other programmes	0	21,335
Increased pension costs for Apr to Jul 20 paid from AY20-21 budget		
Total Other Funding	**0**	**48,335**
Total Revenue funding (includes ring-fenced amounts shown below)	**136,896**	**732,822**

Capital funding		FY 2021-22
		£'000
Maintenance funding		
Backlog & Lifecycle Maintenance	5,151	29,400
Project funding		
Fife College (Dunfermline Learning Community Campus)	0	4,300
Total Capital funding	**5,151**	**33,700**

Table 2: Glasgow - Indicative teaching funding allocations for AY 2021-22

College/Region	AY 2020-21 final funding allocations	ESF funding 2020-21	**Baseline funding 2021-22**	Increased pension costs 2021-22	General cost pressure uplift 2021-22	Regional allocation 2021-22	Additional funding for Foundation Apprenticeships	Additional funding for Deferred Student Places	Additional funding for Digital learning	Additional funding to provide Mental Health support	**Total Funding 2021-22**	Change from 2020-21	% Change from 2020-21
	(A)	(B)	(C)=(A)+(B)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	**(K)=(C)+(D)+(E)+(F)+(G)+(H)+(I)+(J)**	(L)	(M)
	£	*£*	*£*	*£*	*£*	*£*	*£*	*£*	*£*	*£*	***£***	*£*	*%*
City of Glasgow College	*40,499,001*	2,347,124	42,846,125	49,300	1,000,000	-	326,920	892,223	517,490	455,391	***46,087,449***	3,241,324	7.57%
Glasgow Clyde College	*32,174,197*	1,625,309	33,799,506	30,700	788,858	-	180,944	708,821	364,675	320,914	***36,194,418***	2,394,912	7.09%
Glasgow Kelvin College	*22,192,765*	548,452	22,741,217	-	530,765	-	812,011	488,923	228,190	200,808	***25,001,914***	2,260,697	9.94%
Regional Allocation (TBC)	-	-	-	-	-	137,602	-	-	-	-	***137,602***	137,602	N/A
Collaborative Projects	*351,348*	-	351,348	-	8,200	- 153,548	-	-	-	-	***206,000***	- 145,348	-41.37%
GCRB	*436,857*	-	436,857	-	10,197	15,946	-	-	-	-	***463,000***	26,143	5.98%
Glasgow Region	95,654,168	4,520,885	100,175,053	80,000	2,338,020	-	1,319,875	2,089,967	1,110,355	977,113	**108,090,383**	7,915,330	7.90%
Percentage of National Allocation	19.64%	34.30%	20.02%	20.00%	20.93%		15.18%	20.90%	22.21%	22.21%	**20.01%**	19.87%	
Scotland	487,095,454	13,179,129	500,458,052	400,000	11,169,655	-	8,691,991	10,000,000	5,000,000	4,400,000	**540,119,699**	39,845,116	8.00%

Table 3: Glasgow - Indicative student activity (credit) targets for AY 2021-22, including ESF

	Core credit target 2020-21	ESF credit target 2020-21	Total credit target 2020-21	Core credit target 2021-22	ESF credit target 2021-22 [1]	**Baseline credits 2021-22**	Foundation Apprenticeship starts	Foundation Apprenticeship credit target	Credits for deferred students	**Indicative credit target 2021-22** (includes ESF, FAs & deferrals)	Change from 2020-21	% Change from 2020-21
							Additional places for 2021-22					
	Credits	Credits	Credits	Credits	Credits	**Credits**	Starts	Credits	Credits	**Credits**	Credits	%
City of Glasgow College	170,848	8,588	179,436	173,442	5,857	**179,299**	115	1,331	3,266	**183,896**	4,460	2.5%
Glasgow Clyde College	120,556	5,890	126,446	122,335	4,017	**126,352**	87	697	2,304	**129,353**	2,907	2.3%
Glasgow Kelvin College	77,188	1,905	79,093	77,764	1,299	**79,063**	251	2,772	1,475	**83,310**	4,217	5.3%
Glasgow Region	368,592	16,383	384,975	373,541	11,173	**384,714**	453	4,800	7,045	**396,559**	11,584	3.0%
Percentage of National Allocation	21.86%	34.55%	22.21%	22.15%	24.11%	**22.21%**	**14.53%**	**15.87%**	**21.04%**	**22.08%**	**18.49%**	
Total	1,686,054	47,418	1,733,472	**1,686,054**	**46,336**	**1,732,390**	**3,118**	**30,252**	**33,488**	**1,796,131**	**62,658**	**3.6%**

Table 4: Glasgow - Indicative student support funding allocations for AY 2020-21

College/Region	Total student support funding AY 2020-21 prior to in-year redistribution		AY 2020-21 additional funding for in-year redistribution	AY 2020-21 funding inclusive of in-year redistribution	Percentage share of AY 2020-21 student support funding incl. in-year redistribution	**AY 2021-22 student support allocation based on share of AY 2020-21 allocations (excl. in-year redistribution) uprated for inflation**	Percentage change on AY 2020-21 allocations (excl. in-year redistribution)
	£		£	£	%	£	%
(1)	(2)		(3)	(4)	(5)	(6)	(7)
City of Glasgow College	10,387,710		815,152	11,202,862	38.5%	**10,583,181**	1.88%
Glasgow Clyde College	11,425,351		-	11,425,351	39.3%	**11,640,347**	1.88%
Glasgow Kelvin College	6,460,511		-	6,460,511	22.2%	**6,582,081**	1.88%
Glasgow Region	28,273,572		815,152	29,088,724	100.0%	**28,805,609**	1.88%
Percentage of National Allocation	20.49%		50.33%	20.83%		**20.49%**	
Total	138,000,000		1,619,570	139,619,570	100.0%	**140,596,810**	1.88%

Table 5: Glasgow - Indicative Capital funding for FY 2021-22

College/Region	FY 2021-22 capital allocation for lifecycle maintenance based on share of volume target	FY 2021-22 capital allocation based on gross high priority backlog maintenance	**Total capital funding based on lifecycle & high priority backlog maintenance (college estate survey) for FY 2021-22**	Credit Target 2021-22
	£	£	**£**	
City of Glasgow College	1,257,634	-	**1,257,634**	183,896
Glasgow Clyde College	884,623	1,940,000	**2,824,623**	129,353
Glasgow Kelvin College	569,743	499,000	**1,068,743**	83,310
Glasgow	2,712,000	2,439,000	**5,151,000**	396,559
Percentage of National Allocation	22.17%	14.21%	**17.52%**	
Scotland	12,230,000	17,170,000	**29,400,000**	