
Board Meeting

Date of Meeting	Monday 16 March 2015
Paper Title	Regional Board Costs
Agenda Item	7
Paper Number	BM5-F
Responsible Officer	Julia Henderson / Principals Lead – Julia Henderson / Alan Sherry
Status	Disclosable
Action	For Decision

Glasgow Colleges Regional Board

Costs of Regional Board

1. Introduction

Members of the Regional Board will be aware of the statutory process which created a regional strategic management framework for colleges in Scotland. In Glasgow, the effect of the legislation has been to create a Regional Strategic Body, the Glasgow Colleges' Regional Board (GCRB) and three Assigned Colleges. The legislation sets out that the Regional Strategic Body will, subject to meeting a set of defined criteria, be the fundable body for the Glasgow Region and be responsible for the allocation of resources to the assigned colleges. It is recognised that GCRB will require a staffing structure to support this role. The key issue here is that the Glasgow Region is unique in having a standalone independent Board in addition to its Colleges who have their own Boards. In all other regions, excepting UHI, the regional board is a college board and the region incurs no additional costs for its governance structure. In UHI the Regional Strategic Body is a sub committee of the University Court. The purpose of this report is to outline the anticipated financial implications that such a structure is expected to have upon the college sector in Glasgow.

2. Glasgow Colleges Regional Board

The Glasgow Colleges Regional Board has now been established for some months and is developing its governance and operating frameworks and protocols.

One of the key priorities of the GCRB at present is to achieve 'Fundable Body' status. The requirements placed on GCRB as a corporate body to achieve this status are onerous. The Accountable Officer for the colleges in Scotland is the Chief Executive of the Scottish Funding Council. Once the GCRB has fundable status, its Executive Director will be accountable to the Chief Executive of the Scottish Funding Council (SFC) for FE delivery and public expenditure in Glasgow. Therefore that postholder will become the accountable officer for the region and have the responsibility for the appropriate use of the public funding provided to the assigned colleges.

GCRB officers have been working closely with the SFC and senior staff at the three Glasgow Colleges to develop reporting frameworks and governance arrangements which aim to enable the GCRB to demonstrate that it complies with the criteria to achieve fundable body status.

It is the case that the Chair of the GCRB has stated his desire to minimise the costs and scale of the GCRB administrative structure and avoid unnecessary duplication of effort at regional level; however, it is the case that the GCRB cannot achieve Fundable Body status and operate effectively without an appropriate level of staffing resource. This is required to enable it to deliver on its statutory responsibilities.

It has always been the intention of the GCRB to secure a level of support services and educational expertise from the Colleges. A proposal in this regard was made to the SFC over a year ago. The GCRB has now agreed with City of Glasgow College that they will provide office space for the Board's staff and all associated

support services in terms of ICT, Payroll, Finance and HR. This is covered in more detail in report BM5-G to the Board.

In addition to the legislation, the accountability arrangements are outlined in the financial memorandum that will be in place between the SFC and the GCRB.

3. Resource Implications

The budget for the GCRB for 2015/16 is expected to be around £400k..

There is an expectation at present from the SFC that this cost will effectively be top-sliced from the allocation of funding for teaching activity to the region; therefore there is no intention to provide additional resources to be allocated to cover the costs associated by the legislative requirement to establish a regional strategic body.

The consequence of this is that the three Glasgow Colleges will be required to make additional efficiency savings to deliver their student activity target within the cash flat resource envelope which will be available to them. This will place Glasgow Colleges in a worse position than other colleges in Scotland as a result of legislative arrangements.

The financial position facing the sector in general, and Glasgow in particular, means that this is not an affordable or sustainable position. It also reduces funding for education and student support targeted at some of the most deprived communities in the country and is at odds with the recently refreshed Economic Strategy of the Scottish Government

In respect of a solution to this funding issue, the following approach should be considered by the Board and the SFC as a means of reducing the impact of top slicing the teaching activity grant:

- An allocation of strategic funds by the SFC to part finance the costs of the Regional Board;
- Implement the arrangements which have been agreed by the Advisor to the Board with City of Glasgow College for COGC to become the host College for accommodation and core support services as soon as is practicable;
- Minimise the costs of the GCRB by placing reliance upon college staff; and
- Discuss transfer of resources from the SFC's core administrative budget to recognise the transfer of some responsibilities from the SFC to the GCRB as outlined in the legislation.

The GCRB will take responsibility for the strategic oversight and performance management of a sizeable proportion (circa 26% in terms of grant funding) of the college sector. Duplication of this aspect of the GCRB role with the SFC's role should be minimised. It is anticipated that if this approach was adopted it would allow for some transfer of resource and budget cover and, as consequence, reduce or eliminate the need to top slice the teaching grant funding to support the costs associated with GCRB discharging its statutory duties. At this point it is not possible to quantify the value of the resources which could be transferred, however, a figure of circa £400k is likely in order to meet the staffing and other costs discussed previously with SFC. Alternatively, the new arrangements may be viewed as wasteful and costly.

It is anticipated that a combination of the actions set out above will help mitigate the impact of any reduction in grant funding for the three Glasgow Colleges, ensuring that resources are targeted on delivering learning at a time when the funding settlement is particularly challenging

4. Recommendations

Members of the GCRB are recommended to:

- i) note the contents of this report;
- ii) request that the Chair, with the support of the College Boards, formally addresses the funding of the GCRB with the Chief Executive of the SFC with a view to reaching a mutually acceptable solution which supports the work of the GCRB and protects the interests of learners by focussing resources on front line provision for learners.