

## Board Meeting

Date of Meeting	Monday 27 April 2020
Paper Title	Indicative Funding Allocations for 2020-21
Agenda Item	11
Paper Number	BM3-E
Responsible Officer	Jim Godfrey, Finance and Resources Director
Recommended Status	Disclosable once the Board has concluded its consideration of the matters contained herein
Action	For Decision

### 1. Report Purpose

- 1.1. To provide the Board with the latest information regarding the indicative funding for 2020-21.

### 2. Recommendations

- 2.1. The Board is asked to:

- **Note** the Indicative Funding Allocations for 2020-21 issued by the SFC.
- **Request** that the Performance & Resources Committee consider the outstanding matters at its next meeting.
- **Request** that the final allocations for 2020-21 are considered by the Board at its next meeting.

### 3. Background

- 3.1. Members will recall that the announcement of the UK and Scottish Budgets was later than usual this year as a result of the UK general election in December 2019. In previous years, the indicative college budgets have been published in February but this year there was a delay of 6 weeks.
- 3.2. On Wednesday, 7 April 2020, the Scottish Funding Council (SFC) announced the indicative funding allocations for 2020-21. A copy of the full announcement is available via the following link:  
<http://www.sfc.ac.uk/publications-statistics/announcements/2020/SFCAN062020.aspx>
- 3.3. On Thursday, 8 April 2020, the GCRB executive provided the indicative funding allocations for 2020-21 to the GCRB Performance & Resources Committee. On the same day the indicative allocations were shared with finance colleagues in the three Glasgow colleges. It was essential to provide this information to the three colleges to assist them with their financial planning.

- 3.4. The GCRB Performance & Resources Committee considered this paper at its meeting on Tuesday, 13 April 2020 and requested that the indicative allocations are presented to this meeting of the Board.
- 3.5. As requested at the Committee, a meeting of the Glasgow Colleges Sustainable Institutions Group was convened to discuss the indicative allocations. This meeting took place on Friday, 17 April.

#### 4. Report

In considering the indicative allocations, the following key points are highlighted for the attention of the Board:

- 4.1. The allocation process began prior to the impact of the Covid-19. In this respect the allocations presented here do not take into account;
  - The immediate impact of the 'lockdown', for example the loss of income associated with the closure of colleges.
  - The future consequences, for example the impact on future services (and the consequences for outcome agreements and activity targets).
- 4.2. In addition to the impact at the college level there is also the impact at the macro-economic level. It is impossible to predict what this impact might be but it would be reasonable to expect that there will be a significant societal change. This impact may well have consequences for the future of public finances including the funding for colleges and universities.
- 4.3. The delay in the publication of the UK, and Scottish, budgets has reduced the time available for financial planning. In addition, GCRB was not provided with any information in advance of the SFC funding announcement on 7 April 2020. It was imperative to provide information to the Glasgow colleges as soon as possible but the consequence is that there is no opportunity to do anything other than follow the allocation process adopted by the SFC
- 4.4. Members will note that the inflationary increase in funding (to the college sector) is 1.84%. At the same time the Public Sector Pay Policy 2020-21 provides "a guaranteed minimum 3 per cent pay increase for public sector workers who earn up to £80,000" (<https://www.gov.scot/publications/scottish-public-sector-pay-policy-2020-21/pages/2/>). The difference between the increase in funding and the Scottish Government's pay policy presents a real challenge to the college sector. The potential is that this additional burden will further impact on financial sustainability at a time of unprecedented change.
- 4.5. In terms of the indicative allocation, there are some items that are still being considered at a national level, for example Flexible Workforce Development Funds and European Social Funds for 2020-21. This information is expected in May and will be reflected in the final allocations to be considered by the GCRB Performance & Resources Committee at its next meeting.

- 4.6.** The national allocation process includes some estimates of future costs, for example the cost of the increase in employer contributions for the teachers' pension scheme and the impact of job evaluation on support staff/middle managers. In some cases these estimates may differ from the actual cost. It may be possible to re-distribute funds if an over-estimate in one college/region is matched by an equivalent under-estimate elsewhere. However, there is a possibility that colleges may be left with a shortfall unless additional funds are provided nationally.
- 4.7.** The allocation of capital funding will be considered in May 2020 and presented to the next meeting of the Performance & Resources Committee. The capital funding is provided by SFC to address the backlog maintenance identified within the previous National Condition Survey. To assist in this process, 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. One of the downsides to this funding is that it is only available for a specific purpose and is therefore not available to meet other capital priorities such as the investment in digital technology.
- 4.8.** There is a significant amount of work taking place at a national level regarding the plans and arrangements for 2019-20 and 2020-21. This includes work by Colleges Scotland and SFC in response to the Coronavirus pandemic. Both organisations have published information on their websites:

<https://collegesscotland.ac.uk/media-releases.html>

<http://www.sfc.ac.uk/COVID-19/COVID-19.aspx>

Following a meeting on Wednesday, 15 April, the Deputy First Minister said "I have been impressed by the way Scotland's colleges have already adapted quickly to the unprecedented challenges posed by COVID-19, taking swift action to protect staff and students' wellbeing and contribute to the national effort to tackle this virus and support vulnerable communities. Colleges have already demonstrated – for example, by speedily adapting to online learning – that they are ideally placed to play a key role in the wider economic response and the recovery to come, in particular upskilling and retraining individuals and businesses."

The Glasgow colleges, and GCRB, will continue to play an active role in contributing to this work and the impact on the future financial position of the region.

## **5. Risk Analysis**

- 5.1.** 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 2020-21. For example, the indicative funding announcement provides funding to meet the increased costs of the pension contributions to the Scottish Teachers Superannuation Scheme.
- 5.2.** However, there are also funding pressures for which there funds have not been provided. For example, the inflationary increase is 1.84% which is significantly lower than the figure of 3% set out in the Government's Public Sector Pay Policy 2020-21.

**6. Legal Implications**

**6.1.** There are no legal implications associated with this paper.

**7. Resource Implications**

**7.1.** The indicative funding available to the region for 2020-21 is set out in the SFC Announcement of 7 April 2020.

**8. Strategic Plan Implications**

**8.1.** The provision of funding for 2020-21 provides the resources to support the delivery of the Regional Outcome Agreement and implementation of the Glasgow Region Strategic Plan for College Education.

**Table 1: Glasgow - overall indicative budget for AY 2020-21**

<b>Revenue funding</b>	<b>AY 2020-21 £000</b>	<b>AY 2019-20 £000</b>
Core Teaching & Fee Waiver funding	93,667	88,412
National Bargaining costs	1,987	2,259
<b>Total Teaching</b>	<b>95,654</b>	<b>90,671</b>
Core Student Support	25,563	22,160
Additional Student Support (Review)	2,711	3,403
<b>Total Student Support</b>	<b>28,274</b>	<b>25,563</b>
ESF programme	0	4,583
Flexible Workforce Development Fund (TBC)	1,919	1,919
Strategic funds	0	0
<b>Total Revenue funding (includes ring-fenced amounts shown below)</b>	<b>125,847</b>	<b>122,736</b>

<b>Scottish Government ring-fenced funds</b>		
Flexible Workforce Development Fund - to be confirmed	1,919	1,919
<b>Total Revenue funding excluding ring-fenced funds</b>	<b>123,928</b>	<b>120,817</b>

<b>ESF programme</b>	<b>AY 2020-21 £000</b>	<b>FY 2019-20 £000</b>
Total Funding	0	4,583

<b>Capital funding</b>	<b>AY 2020-21 £000</b>	<b>FY 2019-20 £000</b>
Backlog and Lifecycle Maintenance	5,320	3,540

<b>NPD Expenditure</b>	<b>AY 2020-21 £000</b>	<b>FY 2019-20 £000</b>
College NPD expenditure - TBC	0	29,300

**Table 2: Glasgow - Indicative teaching funding allocations for AY 2020-21**

College/Region	AY 2019-20 final funding allocations	Increased pension costs for Apr to Jul 20 paid from AY 2020-21 budget	Fees from other sources including SAAS	Gross funding AY 2019-20
	(A)	(B)	(C)	(D)=(A)+(B)+(C)
	£	£		£
City of Glasgow College	38,153,918	449,715	9,111,522	<b>47,715,155</b>
Glasgow Clyde College	30,614,492	280,000	4,140,248	<b>35,034,740</b>
Glasgow Kelvin College	21,092,888	268,571	2,841,701	<b>24,203,160</b>
Collaborative Projects	345,000	-	-	<b>345,000</b>
GCRB	464,998	1,714	-	<b>466,712</b>
<b>Glasgow Region</b>	<b>90,671,296</b>	<b>1,000,000</b>	<b>16,093,471</b>	<b>107,764,767</b>
Percentage of National Allocation	19.97%	23.18%		<b>20.42%</b>
Scotland	453,990,396	4,313,143	59,241,255	<b>527,666,910</b>

Cost of living increase (1.84%)	Assumed pension costs for 12 months
(E)=(D)*1.84%	(F)
£	£
877,959	1,349,143
644,639	840,000
445,338	805,714
6,348	-
8,588	5,143
<b>1,982,872</b>	<b>3,000,000</b>
15.10%	22.76%
13,134,857	13,183,086

Gross funding including pensions & cost of living	Net funding including pensions & cost of living	Uplift in college funding	AY 2020-21 teaching funding for colleges
(G)=(A)+(C)+(E)+(F)	(H)=(G)-(C)	(I)=(E)+(F)	(J)=(A)+(I)
£	£		£
49,492,542	40,381,020	2,227,102	<b>40,381,020</b>
36,239,379	32,099,131	1,484,639	<b>32,099,131</b>
25,185,641	22,343,940	1,251,052	<b>22,343,940</b>
351,348	351,348	6,348	<b>351,348</b>
478,729	478,729	13,731	<b>478,729</b>
<b>111,747,639</b>	<b>95,654,168</b>	<b>4,982,872</b>	<b>95,654,168</b>
23.92%	19.65%	21.68%	<b>19.64%</b>
467,125,253	486,761,012	22,982,941	<b>487,095,454</b>

**Table 3: Glasgow - Credit targets for AY 2020-21**

College/Region	Final core credit targets 2020-21	ESF activity targets 2020-21	Total activity targets 2020-21
	<i>Credits</i>	<i>Credits</i>	<i>Credits</i>
City of Glasgow College	170,848	9,052	179,900
Glasgow Clyde College	120,556	6,208	126,764
Glasgow Kelvin College	77,188	2,008	79,196
<b>Glasgow Region</b>	<b>368,592</b>	<b>17,268</b>	<b>385,860</b>
Percentage of National Allocation	21.86%	33.99%	22.22%
<b>Scotland</b>	<b>1,686,054</b>	<b>50,804</b>	<b>1,736,858</b>

**Table 3: Glasgow - Credit targets for AY 2019-20**

College/Region	Final core credit targets (excluding Childcare) 2018-19	ESF activity targets 2018-19	Total activity targets 2018-19		Final core credit targets (including Childcare) 2019-20	ESF activity targets 2019-20	Total activity target 2019-20
	<i>Credits</i>	<i>Credits</i>	<i>Credits</i>		<i>Credits</i>	<i>Credits</i>	<i>Credits</i>
City of Glasgow College	170,849	9,187	180,036		170,848	9,052	179,900
Glasgow Clyde College	120,556	6,303	126,859		120,556	6,208	126,764
Glasgow Kelvin College	77,187	2,063	79,250		77,188	2,008	79,196
<b>Glasgow Region</b>	<b>368,592</b>	<b>17,553</b>	<b>386,145</b>		<b>368,592</b>	<b>17,268</b>	<b>385,860</b>
Percentage of National Allocation	21.75%	34.55%	22.13%		21.78%	34.55%	22.15%
<b>Scotland</b>	<b>1,694,354</b>	<b>50,804</b>	<b>1,745,158</b>		<b>1,692,354</b>	<b>49,976</b>	<b>1,742,330</b>

**Table 4: Glasgow - Student Support funding allocations AY 2020-21**

College / Region	Final student support funding 2019-20 inc in-year redistribution	Percentage share of student support spend 2019-20	Total student support funding 2020-21 uprated for inflation & additional care-experienced students	% Increase
	£	%	£	
City of Glasgow College	10,005,381	36.74%	<b>10,387,710</b>	3.82%
Glasgow Clyde College	11,007,120	40.41%	<b>11,425,351</b>	3.80%
Glasgow Kelvin College	6,222,996	22.85%	<b>6,460,511</b>	3.82%
Glasgow Region	27,235,497	100.0%	<b>28,273,572</b>	3.81%
Percentage of National Allocation	20.49%		<b>20.49%</b>	
Scotland	132,933,278		<b>138,000,000</b>	3.81%

**Table 4: Glasgow - Student Support funding allocations AY 2019-20**



**Table 5: Glasgow - Capital funding for FY 2020-21**

College/Region	FY 2020-21 capital allocation for lifecycle maintenance based on share of volume target	FY 2020-21 capital allocation based on gross high priority backlog maintenance	Total capital funding based on lifecycle & high priority backlog maintenance (college estate survey) for FY 2020-21
	£	£	£
City of Glasgow College	1,341,815	-	<b>1,341,815</b>
Glasgow Clyde College	945,490	-	<b>945,490</b>
Glasgow Kelvin College	590,695	-	<b>590,695</b>
TBC	-	<b>2,442,000</b>	<b>2,442,000</b>
<b>Glasgow</b>	<b>2,878,000</b>	<b>2,442,000</b>	<b>5,320,000</b>
Percentage of National Allocation	22.15%	13.41%	<b>17.05%</b>
<b>Scotland</b>	<b>12,993,000</b>	<b>18,207,000</b>	<b>31,200,000</b>

**Table 6: Teaching funding allocations for AY 2020-21**

College/Region  (1)	AY 2019-20 final funding allocations  £ (2)	<b>set aside for support staff &amp; middle management Job Evaluation estimate</b>  £ (3)
City of Glasgow College	38,153,918	906,731
Glasgow Clyde College	30,614,492	662,761
Glasgow Kelvin College	21,092,888	417,765
Collaborative Projects	345,000	0
GCRB	464,999	0
<b>Total</b>	<b>90,671,297</b>	<b>1,987,257</b>