

Performance and Resources Committee Meeting

Date of Meeting	Monday 9 October 2017
Paper Title	Grant Letter 2017-18
Agenda Item	8(a)
Paper Number	PRC1-F
Responsible Officer	Robin Ashton, Executive Director
Status	Disclosable
Action	For Noting

1. Report Purpose

- 1.1. To update the Committee on the Grant Letter.

2. Recommendations

- 2.1. The Committee is asked to:

- **note** the Grant Letter for 2017-18 issued to the assigned colleges.
- **comment** on the letter and identify any additions, or amendments, that may be incorporated into a future version.

3. Background

- 3.1. Following approval of the Regional Outcome Agreement and the Funding Allocations (Revenue and Capital) for 2017-18, it was agreed that GCRB would issue a grant letter to the assigned colleges. This letter outlined the grants to be paid in 2017-18.
- 3.2. The rationale behind the letter was to summarise all of the funding decisions in a single document. In addition, the letter reminds colleges of their obligations under the Financial Memorandum and other policies/procedures. A copy of the grant letter is provided for information as an Annex to this report.
- 3.3. This is the first time that GCRB has issued this Grant Letter and any feedback is welcomed in order that the letter can be developed further next year.

4. Risk Analysis

- 4.1. The distribution of the grant letter is intended to reduce risk by documenting the funds available to each college and emphasising their obligations in respect of the grant received.

5. Legal Implications

- 5.1. There are no specific legal implications associated with this report.

6. Resource Implications

6.1. The grant letter confirms the grant to be received by each college. There are no direct financial costs to GCRB associated with this report.

7. Strategic Plan Implications

7.1. The grant set out in the letter provides the resources to enable the colleges to meet their obligations within the Regional Outcome Agreement.



C/o City of Glasgow College | 190 Cathedral Street | Glasgow G1 2TG | T: +44 (0)141 375 5555

Tuesday 25 July 2017

Dear

Grant Funding for 2017-18

This letter confirms grant funding which will be provided by GCRB to the college for 2017-18.

I recognise that the college allocations set out within the attached papers results from significant discussion and regional partnership activity and I thank you and your staff for your constructive contributions to this process. Our new regional strategy seeks to deliver Scotland's most inclusive, most responsive and most effective regional college system and the activity funding set out in this letter will give significant support to ensuring the achievement of these collective aspirations.

This letter confirms the funds, and associated responsibilities, based on the extensive dialogue undertaken between GCRB and the three Colleges. As you are aware, the decisions made by the GCRB Board regarding the allocation of these funds were informed by Scottish Government and Scottish Funding Council guidance, the goals of the 2017-18 Regional Outcome Agreement, the Glasgow Region Strategic Plan for College Education 2017-2022, and through assessments of regional needs.

The total grant is split into a number of constituent elements as follows:

1. Revenue Funding
2. Student Support
3. Capital Funding

The amounts allocated to each College are shown in Appendix A.


The funding is provided on the basis that the Conditions of College Funding are accepted by the College as set out in Appendix B.

Appendix C contains a checklist of items relating to financial responsibilities.

This letter does not consider the recent notification of additional ESOL funding, and you will be aware that we are still awaiting clarification of Flexible Workforce Development Funding.

I thank you again for your positive participation in the setting of ambitious regional strategic goals whose achievement is supported by this funding, and I look forwards to further developing and strengthening our regional relationships and impact in the year ahead.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. Ashton', with a long horizontal flourish extending to the right.

Robin Ashton
GCRB Executive Director

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Appendix A - Funding

Table 1 - Revenue Funding

Core	City of Glasgow College	Glasgow Clyde College	Glasgow Kelvin College	Total
Core Grant	£33,640,040	£28,770,478	£19,338,722	£81,749,240
National Bargaining	£149,923			£149,923
Total	£33,789,963	£28,770,478	£19,338,722	£81,899,163

ESF Funding	City of Glasgow College	Glasgow Clyde College	Glasgow Kelvin College	Total
Total	£2,432,786	£1,776,285	£606,327	£4,815,398

Table 2 - Student Support

Core	City of Glasgow College	Glasgow Clyde College	Glasgow Kelvin College	Total
Bursary	£4,948,507	£5,878,537	£3,086,703	£13,913,747
Childcare	£1,102,501	£1,309,706	£687,701	£3,099,908
Discretionary	£732,785	£870,505	£457,085	£2,060,375
Total	£6,783,793	£8,058,748	£4,231,489	£19,074,030

ESF Funding	City of Glasgow College	Glasgow Clyde College	Glasgow Kelvin College	Total
Bursary	£1,277,998	£876,778	£286,968	£2,441,744
Childcare	£225,529	£154,726	£50,641	£430,896
Total	£1,503,527	£1,031,504	£337,609	£2,872,640

Table 3 - Capital Funding

	City of Glasgow College	Glasgow Clyde College	Glasgow Kelvin College	Total
Lifecycle Maintenance	£1,056,800	£748,000	£478,900	£2,283,700
LAN Infrastructure		£985,000		£985,000
STEM Innovation	£427,200			£427,200
Interactive Smartboards		£300,000		£300,000
Building Improvements			£284,000	£284,000

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Appendix B – Conditions of Grant

Regional Strategic Plan and Outcome Agreement

1. Governing bodies, and their designated officers, must comply with the Scottish Public Finance Manual (SPFM) and the Financial Memorandum (FM) between the Glasgow Colleges' Regional Board and the college.
2. Grant funding is provided on the basis that the colleges commit to contributing to the delivery of the Glasgow Region Strategic Plan for College Education, 2017-2022, and the Glasgow Regional Outcome Agreement, 2017-18. This includes delivering an agreed contribution to the Glasgow Regional Outcome Agreement and supporting the development and implementation of other regional plans, along with ensuring that appropriate staffing capacity is made available for collaborative work, including that provided by nominated regional leads.
3. Colleges are required to comply with any principles of governance which constitute good practice in relation to such bodies.
4. Colleges must maintain provision of acceptable quality and develop, and implement, a satisfactory quality improvement strategy, which integrates and aligns with the outcomes of Regional Outcome Agreement evaluation.
5. Colleges will ensure that they meet their obligations under relevant legislation, including new obligations for boards of management of a college of further education set out within the Community Empowerment (Scotland) Act 2015.
6. If the Scottish Government/SFC revises its grant funding, Glasgow Colleges' Regional Board reserves the right to make in-year adjustments to college funding. In this case, the Regional Board would renegotiate the terms of its Outcome Agreement with the college.
7. The funding outlined in this document is subject to the SFC agreement of the Regional Outcome Agreement for 2017-18.
8. Colleges will not increase their historic levels of Credit activity classed as 'one plus' without this being agreed in advance with the GCRB Executive Director.
9. Colleges will deliver an agreed level of additional childcare training above the level delivered by the college in AY 2014-15.
10. Where appropriate, colleges must follow relevant guidance of the Scottish Funding Council and the Glasgow Colleges' Regional Board e.g. guidance in respect of Student Support, ESF and Student Activity Data.
11. Where appropriate, colleges must provide data returns requested by Glasgow Colleges' Regional Board/SFC by the deadlines and to the standards specified.

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12. Colleges must have regard to public sector pay policy set by Scottish Ministers.
13. Colleges must comply with SFC guidance on seeking approval for severance schemes and settlement agreements.

Tuition fees

14. Where applicable, colleges must charge student tuition fees at the levels set by Scottish Ministers under either the Student Fees (Specification) (Scotland) Order 2006 or the Student Fees (Specification) (Scotland) Order 2011, whichever is applicable. However:
 - a. the tuition fee levels set by Scottish Ministers under the Student Fees (Specification) (Scotland) Order 2006 do not apply to students who do not have a relevant connection with the United Kingdom and Islands or are not excepted students within the meaning of the Education (Fees and Awards) (Scotland) Regulations 2007.
 - b. the tuition fee levels set by Scottish Ministers under the Student Fees (Specification) (Scotland) Order 2011 do not apply to students who do not have a relevant connection with Scotland or are not excepted students within the meaning of the Education (Fees) (Scotland) Regulations 2011, but any tuition fees charged to students from the rest of the United Kingdom must not exceed £9,250 per year.

Strategic funding

15. Strategic grant funding must only be used for the purpose(s) for which it is provided.

Capital/Maintenance grant

16. Capital grant funding must only be used for the specific purpose intended i.e. ICT infrastructure, estates life-cycle maintenance/building improvements and/or debt servicing associated with capital developments.

Failure to adhere to these conditions

17. If the college does not deliver the regional Outcome Agreement and the targets within it, or does not meet the other conditions of grant set out in this document, the Regional Board will consider the clawback of grant or reductions in future funding.

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Appendix C – Financial Responsibilities

Compliance with Scottish Public Finance Manual (SPFM) and Financial Memorandum - Checklist

The following checklist is provided as an aide in terms of ensuring compliance with the Scottish Public Finance Manual (SPFM) and Financial Memorandum between Glasgow Colleges' Regional Board (GCRB) and the College. The checklist does not replace the original documents but highlights some key elements. Colleges are reminded that they must:

- Keep cash reserves to a minimum.
- Disclose any incidence of fraud to the Scottish Funding Council (via GCRB) as soon as it has been identified by the College.
- Not use an overdraft facility to borrow money.
- Act within the delegated authority limits outlined within the SPFM and Financial Memorandum

Prior Approval

Colleges are reminded that they must seek written consent from the Scottish Funding Council (via GCRB) before they:

- Lend any funds or give a guarantee, indemnity or letter of comfort.
- Enter any undertaking to incur expenditure that is out-with the delegated authority limits.
- Incur any novel, contentious or repercussive expenditure.
- Make any investments of a speculative nature.
- Make any contract without competition (non-competitive action) for any amounts over £25,000.

Annual Certificate of Assurance

On an annual basis, the college must provide a Certificate of Assurance to GCRB. The Certificate of Assurance must state that the College has complied with the:

- Requirements of the SPFM.
- Need to seek consent of the SFC (via GCRB) of any item within the SPFM that requires prior approval (see above).
- Requirement for overdrafts not to be used as a means to increase borrowing.
- Obligations of the Financial Memorandum in respect of contingent liabilities.
- Need to disclose information about any fraud to GCRB.

Alongside the Certificate of Assurance, the College must provide copies of the following documents to GCRB:

- Annual Financial Statements for the previous financial year.
- Annual Report of the Audit Committee to the Board.
- Report of External Auditor on the Annual Financial Statements.
- Annual Report of the Internal Auditor.
- Annual Review of the Systems of Internal Control.

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Financial Monitoring

In order to enable GCRB to fulfil its monitoring role, and fully understand the financial health of the College, the College is asked to provide the following information in a timely manner:

- Management Accounts/Reports to the relevant committee detailing financial performance.
- Financial Plans/Budgets/Long-term financial plans.
- Financial Forecast Returns as required by the Scottish Funding Council.
- Resource and Cash Flow Returns as required by the Scottish Funding Council
- Risk Register.

Capital Funding 2017-18

GCRB has allocated capital funding to the colleges for 2017-18. In accordance with the agreed Capital Funding Policy, colleges must:

- Provide copies of project management information to inform the Regional Board of progress in respect of funded capital projects.
- Inform the (GCRB) Director Finance & Resources of any material changes to a capital project. Any changes to a project will be considered and reported to the Performance and Resources Committee for approval.
- Claim funding in line with actual expenditure incurred.
- Inform GCRB of any (capital) proceeds e.g. from the sale of assets or insurance claims.
- Inform GCRB of any capital funding receipts from an Arm's Length Foundation.

Student Funding 2017-18

GCRB has allocated student funding to the colleges for 2017-18. Colleges are reminded that

- Funds must be dispersed in accordance with guidance issued by the Scottish Funding Council.
- Should a college wish to move student funds between the different categories, they should seek approval in writing from GCRB, outlining the reason for the proposed change.