

Performance and Resources Committee Meeting

Date of Meeting	Wednesday 26 September 2018
Paper Title	Funding Model - Update
Agenda Item	11
Paper Number	PRC1-J
Responsible Officer	Jim Godfrey, Finance & Resources Director
Recommended Status	Disclosable
Action	For Information

1. Report Purpose

- 1.1. To update the Committee on developments in respect of the approach to future funding approaches.

2. Recommendations

- 2.1. The Committee is asked to:

- **note** the recent developments in respect of the national funding formula, and
- **comment** on any aspect of these developments.

3. Background

- 3.1. At the meeting of this committee in March 2018 the issue of the funding formula was discussed. Work has taken place since this date on a number of matters.

4. Report

- 4.1. It may be helpful to summarise progress since the last meeting of this committee:

- Representatives from SFC met with members of Colleges Scotland on 13 June 2018 to discuss a review of the national funding formula. This meeting follows on from an initial meeting that took place earlier in the year.
- Board members of GCRB were invited to attend a Funding Workshop on 3 July 2018. A number of papers were provided to this meeting to facilitate discussion. A copy of the principal discussion paper is attached at Annex A.
- Representatives from SFC met with the Executive Director, and Finance & Resources Director, of GCRB on 9 August 2018. The purpose of this meeting was for SFC to demonstrate the future demographic model and potential changes. An initial discussion paper was produced and is attached at Annex B.

- The Future Funding Model Working Group¹ met for the first time on Monday, 3 September 2018. The outcome being sought is a funding model that is fit for purpose for colleges and which appropriately incorporates National Bargaining funding. The SFC has undertaken some initial modelling, but following discussions at the first meeting, has agreed to undertake further modelling around a range of options. These will be reviewed at the next meeting, which will be held in October 2018. A copy of the SFC discussion paper is attached at Annex C.
- The Vice-Principals responsible for finance (in the Glasgow colleges) are due to meet in September 2018 to consider their proposals in respect of a future funding model. These proposals will be considered by a future meeting of the Glasgow Colleges Group and will provide another perspective on the future funding model.

4.2. It might be surmised that there is a level of dissatisfaction with the current national funding model. However, at the same time, there are no clear, universally agreed, solutions. The direction of travel indicates that financial sustainability of institutions is paramount and that small changes to future funding are more likely than wholesale changes. The main issues for the Glasgow Region moving forward are:

- Ensuring that the Glasgow Region receives an appropriate share of the national funding to meet the needs of learners.
- Determining the extent to which a regional funding model is aligned with, or diverges from, a future national funding model.

4.3. There are many different aspects of the review of funding and it is anticipated that these issues will be discussed further over the coming months (and possibly years). The immediate priority is to monitor emerging themes and seek to ensure that the position of Glasgow is properly represented in the national forums. Progress reports regarding the development of the national funding model will be reported to future meetings of this Committee. In addition, further workshops for GCRB board members, and reports for decision, will be provided as necessary.

5. Risk Analysis

5.1. There are opportunities and risks associated with the funding model both now and in the future. There is likely to be universal support for a fair funding model.

6. Equalities Implications

6.1. There are no equalities implications as a direct result of this report. The implementation of a fair funding model enables colleges to deliver services for all learners.

7. Legal Implications

7.1. There are no legal implications associated with this report.

8. Resource Implications

8.1. The main resource commitment relates to the time invested of time to participate in the range of meetings relating to future funding.

¹ Representatives of SFC, Colleges Scotland and a small number of colleges

9. Strategic Plan Implications

- 9.1.** The fair allocation of funding is a key driver behind the achievement of our regional ambitions.



Background

At the meeting of the GCRB Performance and Resources Committee in March 2018 the issue of the funding formula was discussed. This was in the light of the indicative allocation of funding for the financial year 2018/19. In particular, the Committee were keen to align future funding to regional strategic goals, in line with our ambition to, *“Develop needs-based regional funding arrangements which support regional strategic goals and make efficient use of resources.”* (Glasgow Region Strategic Plan for College Education 2017-2022). It was therefore agreed that it would be helpful to organise a meeting within the region to discuss the funding formula.

At the meeting of the GCRB Board on 26 March 2018 it was also agreed that the Chair of the Board would write to the Scottish Funding Council expressing the Board’s dissatisfaction with the progress towards the implementation of the simplified funding model.

In April 2018, the Minister for Further Education, Higher Education and Science wrote to the SFC setting out those areas where the Government expect to see a focus, including; the need to set more ambitious targets; to engage external stakeholders as appropriate; to drive desired behaviours through a more dynamic allocation of places and funding; to improve transparency, accountability and drive improvement through the publication of institutional level performance information.

The Ministerial letter states that Regional Outcome Agreements are key to ensuring that colleges and universities have a clear understanding of Government priorities. These priorities should be kept to the fore as public funding is deployed to meet local, regional and national skills needs. In terms of the relationship between funding and ROA outcomes, the Government encourages the SFC to consider other measures as a means of leveraging better outcomes for learners, including the use of financial incentives and clawback arrangements where that might be appropriate.

Over recent months, there has also been dialogue between Colleges’ Scotland and SFC regarding the future funding formula. The most recent meeting took place on 13 June 2018 and representatives of GCRB were invited to attend. Both Colleges’ Scotland and SFC provided very helpful papers in advance of the meeting setting out their current thinking. It might be summarised that there is a level of dissatisfaction with the current national funding model. However, at the same time, there are no clear, universally agreed, solutions.

Purpose of this Paper

The purpose of this paper is intended to complement the discussions taking place nationally, and regionally, regarding the future funding model. Our comments are divided into two distinct areas; observations in respect of the current dialogue between Colleges’ Scotland and SFC and specific suggestions relating to the regional position.

A) National Funding Model - observations regarding the current dialogue between Colleges' Scotland and SFC

Risk Appetite

The documents provided by Colleges' Scotland and SFC provide different perspectives in terms of the risk appetite. This is reflected in the potential timing, and scale of changes, to the funding model. Our view is that the tone of the SFC paper sets a lower appetite for risk (suggesting minor changes to the current model) whereas the approach favoured by Colleges' Scotland seeks more radical change. There is a balance to be struck in terms of a fair, and equitable, distribution of resources and a disruption to the financial stability of institutions by the loss of grant.

GCRB perspective is that low risk is appropriate in the short-term but is content with higher degree of risk if there is a holistic review of future funding.

The Funding Model

Any funding model will provide a basis for the allocation of monies. By its very nature a funding model cannot be perfect but it does provide an objective basis on which to allocate funding. During periods of growth, the model will receive less attention from the recipients of funding. However, during periods of funding reduction, or standstill, the model will attract greater scrutiny.

There is the potential for institutions, facing financial pressures, to identify how the model fails to adequately fund their particular circumstances. The arguments presented (by each institution) will seek to change the way in which resources are distributed by the model. Inevitably, if the total amount of funds is constant, any change to the model will result in some institutions gaining, and others losing, funding. A risk associated with this is that it sets colleges, or groups of colleges, against each other. This has negative consequences, which could result in disharmony within the sector.

The current funding model was established in the context of the college regionalisation process, with the Scottish Government stating that funding should be based upon need; "Given our wish to shift towards regionalisation of college provision, SFC funding for colleges should in future be based on the needs of a region, taking into account the demographics and economy of the region in question."

The resultant 'simplified funding model' was introduced in 2014 and sought to determine funding for regions based on a combination of funds related to price band volumes (curriculum profile) and demographic drivers. In terms of implementation, to mitigate risks, changes to funding allocations were capped at 1% and for Glasgow, this led to the circa £1 million gap in funding between actual resource levels and those potentially provided by full implementation of the simplified model.

Due to the costs associated with national salary harmonisation, the implementation of the funding model has been delayed until 2022-2023. Due to the amount of time that has elapsed it is anticipated that the 'simplified funding model' will be replaced before it is introduced.

GCRB perspective is that a review of the national funding model isn't a high priority in the short-term but a fair, transparent and objective distribution of resources is advocated for any future national funding model. GCRB will continue to argue for the full implementation of the simplified funding model, alongside making the 'case for Glasgow' to ensure that the region is appropriately resourced.

Interim Changes

The paper presented by Colleges Scotland advocates an Institutional Element (see below), which could be an interim change in advance of a comprehensive review of the Funding Model. Similarly, the assumptions for the Financial Forecast Return (published by SFC in June 2018) suggest funds will be moved between colleges in the years 2020-22. There is no information, available within the SFC publication, to support these changes.

GCRB perspective is that a holistic review to future funding is welcomed but a piecemeal approach will only bring further negative consequences. GCRB does not support interim, ad hoc, changes to the Funding Model.

Institutional Element

The concept of an Institutional Element to the funding formula requires further consideration. It might be argued that the allocation of funding already includes an element of institutional. This is because the amount of grant paid to each college varies significantly and is not based upon a standard price per unit of activity. For example, SFC recently published the financial assumptions that will underpin the Financial Forecast Return that highlighted a huge variance in the price per credit paid to each college region.

In order to progress the discussion, further consideration of the Institutional Element is required, which could include:

- The definition of an institution, for example, will Regional Strategic Bodies and Assigned Colleges both be considered to be institutions?
- In addition to defining the institution, it is necessary to determine what should be included within an institutional element i.e. what is the funding designed to pay for?
- As identified above, the current funding allocations already include elements that relate to an institution. These include rural and remoteness premiums and negative elements such as efficiency savings for large institutions.
- It is important to recognise that organisations are not starting from the same point i.e. there are organisations that are still have not received the funding that they were allocated within the 'simplified funding model' in 2014.

GCRB is content that an institutional element forms part of a conversation about a future funding model. We would not want the current funding methodology to incorporate an institutional element in advance of the review of the formula.

Funding Linked to Inputs or Outcomes

The current focus of funding is on the total volume of activity i.e. a price is received for each planned credit. This is adjusted to take into account other factors (e.g. rural and remoteness funding). In recent years, further elements of the model have been introduced to take account of the costs borne by institutions e.g. funding to meet the costs of national bargaining. The current funding model leans towards the cost of inputs whereas the regional outcome agreement is focussed on outputs and outcomes. The current funding allocation does not connect the funding, in a meaningful way, to the expected regional outcomes.

The one output measure that has resulted in the loss of funding in recent years has been the volume of credit activity. Colleges may conclude that the primary measure of performance. There is an incentive to prioritise this quantitative measure of activity above other qualitative indicators.

GCRB supports a direction of travel which places an increased emphasis on delivering outcomes which meet regional and national needs (above inputs).

Cost of Success

Following on from the previous comment there has been no attempt to quantify the cost of achieving the outcomes identified in the Regional Outcome Agreement. There is a notion that it is always possible to deliver 'more for less' but this is increasingly difficult to achieve in perpetuity. The law of diminishing returns is likely to apply.

Furthermore, additional responsibilities have been incorporated within the Regional Outcome Agreement for 2018-19 and it is unlikely that these outcomes can be delivered at nil cost. As an organisation approaches optimal efficiency the scope for further improvements diminishes. Indeed, it might be argued that adding further targets diverts resources from the main priorities. Within the regional outcome agreement there is no prioritisation of targets.

It is also recognised that some outcomes are inter-related and therefore the success of one outcome enables the success of another. However, it is also possible that improving the performance of one outcome has an adverse effect on another. The link between attainment and widening access is an example of a complex relationship whereby an improvement in the performance of one outcome could have an adverse impact on the other.

GCRB supports the intent to improve performance. Within the funding formula, further work is necessary to determine:

- ***The cost (financial or opportunity) associated with improving outcomes.***
- ***The impact (positive or negative) associated with improving outcomes.***

Colleges Scotland

Each college is represented within Colleges Scotland i.e. the scale of an organisation is not reflected in the decision making process. As a result, there are more small institutions within College Scotland than large ones. This is reflected in the make-up of the group representing the college sector regarding the funding model.

GCRB is concerned that the position of Colleges Scotland, with regard to the funding model, leans towards the interests of the smallest institutions.

External Perspective

The current discussion is focussed on the allocation of resources within the college sector in Scotland. In other words, it is internally focussed on the allocation of resources by SFC to colleges and regions.

The downside to this approach is that it overlooks the issue of whether the quantum of funding is appropriate. The total amount of funding could be considered alongside the amount of funding provided to other similar organisations. There is a role for sector agencies in terms of promoting the case for the college sector.

GCRB proposes that the following information is used to inform the allocation of funding to the college sector in Scotland:

- ***Comparisons with colleges in the rest of UK and overseas,***
- ***Benchmarking with funding arrangements for Universities in Scotland.***

B) Regional Funding Model - strengthening the alignment of funding to regional goals

The comments above regarding the funding formula are intended to outline the position of GCRB in respect of a future national funding model. The steps suggested below are intended to strengthen the role of GCRB in enabling it to develop its regional role.

Information to Enable Regional Strategic Planning

It is important that GCRB is provided with the opportunity to develop its approach to regional planning. This includes the opportunities, as described above, and also the time to develop its policies and plans. **The key ask is that SFC treat GCRB, and other regional strategic bodies, differently from colleges, placing reliance and trust on their governance processes, and monitoring the RSB's performance rather than that of the constituent assigned colleges.**

Currently, regional strategic bodies must react to changes and develop their approach after the SFC announcements. As a consequence, the assigned colleges within Glasgow must wait until GCRB has determined its approach and policy following any SFC announcement. Examples include; financial announcements (e.g. funding decisions), policy developments (e.g. Flexible Workforce Development Fund) and calls for information (e.g. Financial Forecast Returns). This longer process could potentially have a detrimental effect on the delivery of desired outcomes.

GCRB proposes the following changes:

- ***Through a strengthening of strategic dialogue arrangements, SFC to consider the opportunity to share information with GCRB in advance of public announcements to the sector (for example, funding and policy circulars and calls for information). In addition to enabling the region to develop its approach the regional strategic bodies are well placed to suggest amendments and additions to SFC documents prior to publication.***
- ***SFC to provide information to support funding decisions (i.e. to ensure that there is greater transparency and promote understanding).***

Regional Funding

The approach to regional funding is something that has been raised by the Performance and Resources Committee and also by the assigned colleges.

The following comments are offered by way of background:

1. It is expected that the quantum of funding available to the Glasgow Region is likely to be static for the next four years. The only exception to this is likely to the cost of national bargaining which will be met by an additional grant. Against this background, any change to the regional funding distribution will mean that an increase in funding to one college will be met by an opposite reduction to one or both of the other colleges.
2. A revised regional funding model provides the opportunity to direct funding to meet regional priorities and achieve a fair distribution of resources. The risks associated with changes to regional funding are the adverse impact on the financial stability of assigned colleges and strained internal relationships as colleges protect their individual positions. GCRB will want to consider these risks as part of its risk management strategy.

3. A further consideration in terms of the desire for change is the timescale for the implementation of such. The review of the national funding model is being considered for 2022-2023. Is there a desire to introduce a regional model at the same time as this national development or is there a desire for an alternative timeframe? There are risks, and opportunities, associated with the timing of the implementation of a regional model.
4. The Glasgow Region Strategic Plan for College Education 2017-2022 sets out the regional ambitions. It would be beneficial to translate these ambitions into short and medium-term priorities to enable a regional funding model to be aligned to these.
5. There are a range of interim opportunities for regional funding. For example, some money could be moved from core funding to support strategic initiatives, similar to the SFC's strategic development fund. The extent of any such change is for consideration but perhaps a small percentage of spending (say 0.5%) could be allocated in this way. This money could be used to commission the assigned colleges to jointly deliver regional strategic priorities. Initiatives such as this are lower risk because the total amount of funding does not change and there may, or may not be, small changes in funding between colleges. The main benefit is that it would strengthen the link between strategic priorities, outcomes and funding.

Funding Flexibility

The ability of GCRB to determine regional strategic priorities is a cornerstone of an effective regional strategic body. The allocation of funding can also be used to support these regional priorities.

GCRB proposes the following changes:

1. ***As part of the development of the 2019-20 ROA, and in the context of 'intensification', GCRB, SFC and the Glasgow Colleges consider amendments to the (model) Regional Outcome Agreement that enables the region to identify priorities and associated funding arrangements to incentivise outcome achievement.***
2. ***Develop a more comprehensive proposal for the GCRB Board to consider the establishment of a strategic development fund for the Glasgow region which will provide funds to the colleges for regional initiatives.***
3. ***SFC permits GCRB to re-distribute funds within a region in accordance with agreed parameters. Examples might include Capital, Flexible Workforce Development Funds and Student Funding.***
4. ***SFC is asked to avoid publishing information at a College level. Once such information is in the public domain it makes it more difficult for the regional strategic body to allocate funding in an alternative manner.***

Capital Funding – Announcement

Capital Funds are generally provided on a Financial Year basis (April to March). However, these funds are announced by SFC in mid-May (i.e. after the year has already commenced) after which they are considered by GCRB. GCRB can only determine its regional policy after the SFC announcement is known and it takes time to finalise college allocations. The consequence is that colleges may receive their notification of funding in June. Given that these may be large scale capital projects, there may be a design, specification and tender process to complete. This is incompatible with the desire to implement projects during the summer period (when fewer people are in college).

GCRB proposes the following changes:

- 1. SFC to consult fully, and share information, with GCRB prior to making public announcements to the sector. This will enable GCRB to prepare its policy and plans to deal with the capital grant (rather than commencing this process after the SFC announcement to colleges/regions).***
- 2. SFC is requested to publish the capital grant allocations in advance of the core revenue grant (because they relate to different time periods).***
- 3. SFC is requested to publish its medium-term national strategy regarding capital (i.e. to help plan for priorities such as investment in ICT).***

Capital Funding – Purpose

For 2017-18, capital funding was provided to the region. The purpose of the funding provided the opportunity for GCRB to direct this funding to meet regional priorities (including lifecycle maintenance).

This contrasts with 2018-19, when the purpose of capital funding was determined nationally. The allocation for lifecycle maintenance was actually very similar to the level allocated via the regional capital policy in 2017-18. However, the provision of funding to address ‘very high priority’ backlog maintenance increased significantly. The total funding provided for 2018-19 is appreciated, however, the opportunity to direct funding to meet regional needs has been reduced.

The ability for the Regional Strategic Body to enable regional strategic planning, via the allocation of capital funding, is supported.

GCRB proposes the following changes:

- 1. SFC to consider the possibility of allocating some funds to enable regional priorities e.g. to allocate funding in a way that differs from the national model.***
- 2. SFC to consider the possibility of allocating funds at a regional level (rather than college level).***
- 3. GCRB and SFC to consider the potential to allocate ‘strategic funds’ to a region in addition to the core funding allocation.***
- 4. GCRB and SFC to consider whether national priorities (targets) can be replaced with regional priorities to ensure that funding is linked to outcomes.***



Purpose

The purpose of this paper is to provide information on SFC's demographic model; to inform discussion on future college/regional activity targets. Discussions will include a review of the current parameters used in the model and potential changes to parameters and drop down values.

Background

The demographic model was created in 2014 to identify the number of places required in each area and to help inform decisions on any changes to activity which colleges may be asked to undertake. The simplified funding and demographic places models are designed to work in tandem with the Outcome Agreement process.

The principles behind the demographic model were developed with a sub group of the College's Funding Policy group to ensure we have an evidence base for identifying growing and declining regions and college places are being allocated in the right place. The model takes account of SFC/Scottish Government priorities and uses current population data from various sources, including GRO, HESA, DWP and the Scottish Government, to inform needs-led activity targets and the outcome agreement process.

Any decisions on changes to activity is supported by the demographic model but also SFC's assessment/knowledge (informed by the outcome agreement process) of each college's/region's capacity to deliver and achieve targets and the historical flow of students between local authority areas.

The demographic model – current parameters

The demographic model uses the following parameters for each local authority area. These are the parameters used in AY 2018-19, but the drop-down values have changed. Some parameters are "switched off" with nil credits allocated.

- Credits are allocated for each S3-S6 school pupil in each local authority for school college provision.
- Credits are provided for 16 and 17 year olds who are not in school, university, on SDS training or in employment (otherwise known as outwith a positive destination).
- Credits are allocated for each 18 or 19 year old outwith a positive destination.
- Credits are provided for full time 20 to 24 year olds. This column is currently protected.
- Additional credits are provided to each person claiming Job Seeker's Allowance (JSA) aged 20 to 24.
- Credits are allocated for each person with low level qualifications (below higher/A-level equivalent).

- Credits are provided based on the share of the Scottish population aged 25-64 living in each local authority area (the working age population.)
- Credits are allocated for upskilling on the basis of the share of those in employment across Scotland.
- Credits are provided for each person aged 25+ who has been claiming JSA for one year or more. This has been included as a marker of long-term unemployment.
- Credits are allocated for each person from the 10% most deprived areas.

Drop-down parameters for each indicator in our demographic model is determined based on a combination of the original principals developed by the sub group and current Scottish Government/SFC strategic direction and priorities.

The demographic model – changes made for AY 2018-19

In AY 2018-19, SFC updated the demographic model to take account of the increased priority for older learners and part-time study, in line with the most recent Ministerial guidance. We also updated the model to take into account the latest statistical information available for all indicators, as the country is in a different place in 2018 than in 2014. This includes the latest information on population estimates, numbers of youths outwith a positive destination, number of people claiming JSA aged 20 to 24 and 25+, the latest employment numbers, and SIMD 2016 data. We have also taken account of known changes to activity levels, for example childcare and ESF funding.

SFC will send out an agenda in the days leading up to our individual meeting with each college/region. At each meeting, we will provide a demonstration of the full demographic model. At this point, we thought it would be useful to share with you our rationale for amending the drop-down criteria, compared with the original parameters set in 2014.

The demographic model – rationale for changes made in AY 2018-19

- School pupils, 16 & 17 year olds, and 18 & 19 year olds: Following Scottish Government guidance to increase priority, and therefore credits, to individuals aged 25+ and part-time provision, it is necessary to reduce the number of credits to individuals under 25 years of age, as this is a younger population and more likely to be studying full-time. Therefore, credits allocated to this age group under three separate indicators were reduced accordingly. However, it is important to note that the number of credits for each college region has been protected at the highest level of the number of full-time 16 & 17 year olds and 18 & 19 year olds outwith a positive destination for 2014-15 to 2016-17, resulting in both increases and decreases.
- Full time 20 to 24 year olds: As this indicator is protected, it remains unchanged.
- 20 to 24 and 25+ claiming JSA: To reflect Scottish Government direction to prioritise older learners, there was an increase in credits awarded for each individual aged 20 to 24 and 25+ claiming JSA. However, the total number of credits allocated for this indicator reduces for 20 to 24 year olds from the 2014 total. This is due to a reduction in the number of 20-24 year old claimants from 17k in 2014 to 3.6k in 2018. Individuals aged 25+ claiming JSA also decreases, although not as dramatically, which resulted in an increase for this indicator.
- The indicators for credits allocated for each person with low level qualifications and credits allocated for each person in the population aged 25 to 64 remain unused. Nil credits were previously allocated and this remains unchanged.

- Employed persons (upskilling): To reflect Scottish Government priority to increase productivity and sustainable economic growth, there was an increase in the number of credits awarded for this indicator.
- 10% most deprived areas: This indicator remains unchanged as it equally affects individuals aged over 25 and under 25.

Next steps

As discussed at the College Funding Group's workshop on 13 June, SFC has committed to conducting further work to enhance the demographic model to ensure that the right numbers of places are allocated to each local authority area. This includes further altering the drop down values and including alternative indicators. Alongside the indicators and drop-down criteria, other factors that will need to be considered includes: the population declines for 16-24 year olds, the impact of the COWA policies on HE/FE students at colleges, changes to travel study patterns, and the impact of the ESF project ending in 2022-23. SFC is also keen to explore a method of scaling of clawback to incentivise early warning if a college/region is at risk of falling short of their targets.

This review is moving forward within the context that there is a fixed budget for the college sector and there will be winners and losers under any revised model. However, it is our belief that an open, transparent, and collaborative review to engage with all colleges/college regions, to enhance the demographic model, and consider capacity of colleges to deliver over a longer term planning horizon, is the best way forward. SFC is keen to meet with colleges/regions to further these discussions.



SFC's Board has agreed to the principle of SFC returning to a 'volume x price' + premia model following completion of national bargaining harmonisation/job evaluation, and that we work with the sector on necessary changes to the model to ensure we can reflect Government priorities.

To do this, SFC and the College sector (through the College Funding Group) agreed to establish a Working Group to review the College funding model. The Group's membership will contain representation from the three multi-college regions, as well as a small/rural college, and a larger college. The representatives should be at a senior level (Principal or Vice-Principal) with expertise in curriculum planning and resource planning. The Group will be Chaired by SFC with support from analytical, policy, and Outcome Agreement colleagues.

The review should be forward-looking with the aim of establishing the funding model to be used from starting from AY 2020-21 with a period of transition to full implementation to be agreed. The Group report to SFC's executive, and put forward recommendations to be considered by the College Funding Group, approval is sought from SFC's Board. Depending on the outcome of the review, we may also conduct a wider consultation.

Taking into account the financial position of colleges and the importance of stability, the Group will review and make recommendations on:

- the number of price groups
- the number and purpose of premiums
- transparency and use of the funding model across the sector Outwith the Group, SFC will engage with individual colleges/college regions over the coming months to do further work on the demographic model and the capacity of colleges to deliver longer term planning. SFC will also consult on a method of scaling clawback to incentivise early warning if a college/region is at risk of falling short of target.

Membership

College sector

David Alexander (Vice Principal, West College Scotland), Jon Buglass (Assistant Principal, Edinburgh College), Jim Godfrey (Finance and Resources Director, Glasgow College Regional Board), Karen Hunter (Head of Finance, Dumfries and Galloway College), Tony Jakimciw (Regional Chair, Borders College), Iain Macmillian (Principal, Lews Castle College UHI), Derek Smeall (Vice Principal, New College Lanarkshire), Alison Stewart (Vice Principal, Forth Valley College), Stuart Thompson (Vice Principal, City of Glasgow College), Andy Witty (Director of Sector Policy, Colleges Scotland)

SFC

Elizabeth Horsburgh (Funding Policy Officer), Gordon McBride (Assistant Director, Analysis) Alyssa Newman (Funding Policy Officer), Ken Rutherford (Assistant Director/Outcome Agreement Manager), Martin Smith (Chief Funding and Information Officer)