

## Performance and Resources Committee Meeting

Date of Meeting	Thursday 14 March 2019
Paper Title	Flexible Workforce Development Fund – Progress Report
Agenda Item	9 (a)
Paper Number	PRC3-E
Responsible Officer	Jim Godfrey, Finance and Resources Director
Recommended Status	Disclosable
Action	For Information

### 1. Report Purpose

- 1.1. The purpose of this report is to provide an update in respect of the Flexible Workforce Development Fund.

### 2. Recommendations

- 2.1. The Committee is invited to **note** that:

- the value of (Flexible Workforce Development) training agreed for 2018-19 was £0.97m at 28 February 2019;
- the value of (Flexible Workforce Development) training contracted in 2017-18 for delivery by the assigned colleges in 2018-19, was £0.52m.
- on-going discussions are taking place with more than 120 companies with respect to the remaining £0.95m funds that are available for training in 2018-19.
- at 31 January 2019, the 3 Glasgow Colleges confirmed that they will meet their individual college targets for Flexible Workforce Development in 2018-19.

### 3. Report

- 3.1. The Colleges and GCRB are working closely to monitor progress and have responded positively to the Fund requirements. The Committee has considered reports on the Flexible Workforce Fund at each of its previous meetings.
- 3.2. In accordance with the monitoring arrangements set out in the SFC guidance, GCRB has submitted returns to SFC on behalf of the region. We are now over halfway through the second year of the Flexible Workforce Fund and, in accordance with the SFC requirements, a return was submitted to the SFC on 31 January 2019. Further monitoring returns are being provided on a monthly basis by the colleges to GCRB.

#### 4. 2017-18 Update

- 4.1. For the 2017-18 year, levy payers needed to agree their requirements with colleges by 30 June 2018. However, training could be delivered after this date but must have commenced by 30 September 2018.
- 4.2. The value of training contracted for 2017-18, but not delivered by 30 June 2018, was confirmed by SFC in September 2018. The value of training to be delivered from 1 July 2018 is set out in the following table:

<b>Table 1</b>	<b>City of Glasgow College £'000</b>	<b>Glasgow Clyde College £'000</b>	<b>Glasgow Kelvin College £'000</b>	<b>Total £'000</b>
<b>Contracted in 2017-18 to be delivered in 2018-19</b>	£228	£157	£136	<b>£ 521</b>

- 4.3. The colleges are delivering this training and providing regular updates to GCRB. The funding of £521,000 has been provided to GCRB and is being released to the colleges in line with the cost, and timing, of delivery.

#### 5. 2018-19 Update

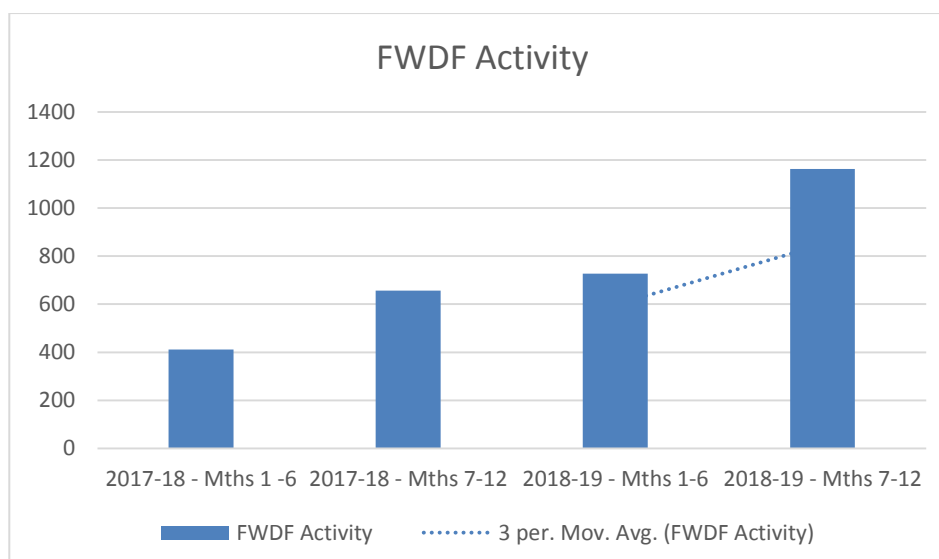
- 5.1. In 2018-19, regional returns were submitted at the end of September 2018, November 2018 and January 2019. The position at 28 February 2019 is provided in Table 2 below:

<b>Table 2</b>	<b>City of Glasgow College £'000</b>	<b>Glasgow Clyde College £'000</b>	<b>Glasgow Kelvin College £'000</b>	<b>Total £'000</b>
<b>Original Allocation 2018-19</b>	£895	£630	£394	<b>£1,919</b>
<b>Committed Training at 28 Feb 2019</b>	£273	£350	£343	<b>£ 966</b>
<b>Balance Remaining</b>	£622	£280	£51	<b>£ 953</b>
<b>Percentage of funds to allocate</b>	69%	44%	13%	<b>50%</b>

- 5.2. For comparison purposes, Table 3 provides a summary of the position reported to SFC on 12 February 2018 (for 2017-18). It is clear that there has been positive growth in 2018-19 compared to the same period last year.

<b>Table 3</b>	<b>City of Glasgow College £'000</b>	<b>Glasgow Clyde College £'000</b>	<b>Glasgow Kelvin College £'000</b>	<b>Total £'000</b>
<b>Committed Training at 12 Feb 2018</b>	£77	£287	£46	<b>£ 410</b>

- 5.3. However, the level of activity in the first six months of 2018-19 is only marginally higher than the second half of 2017-18 (as shown in the graph on the following page). Therefore, if the scale of activity in the second half of 2018-19 was the same as the first half then the outturn would be £1.45m (compared to the target of £1.92m). Activity would need to be £1.2m in the second half of 2018-19 to achieve the full year target.



5.4. Table 4 shows the breakdown of the FWDF allocation used at 28 February 2019. It is important to note that, of the allocation used, 63% has been contractually agreed/delivered with 37% agreed in principle. Therefore, only 32% of the total FWDF allocation for 2018-19 has been contractually agreed/delivered in the first seven months of 2018-19.

<b>Table 4</b>	<b>City of Glasgow College £'000</b>	<b>Glasgow Clyde College £'000</b>	<b>Glasgow Kelvin College £'000</b>	<b>Total £'000</b>
<b>Delivered</b>	£12	£76	£0	<b>£ 88</b>
<b>Contractually Agreed</b>	£142	£83	£298	<b>£ 523</b>
<b>Agreed in Principle</b>	£119	£191	£45	<b>£ 355</b>
<b>Committed Training at 28 Feb 2019</b>	£ 273	£ 350	£ 343	<b>£ 966</b>

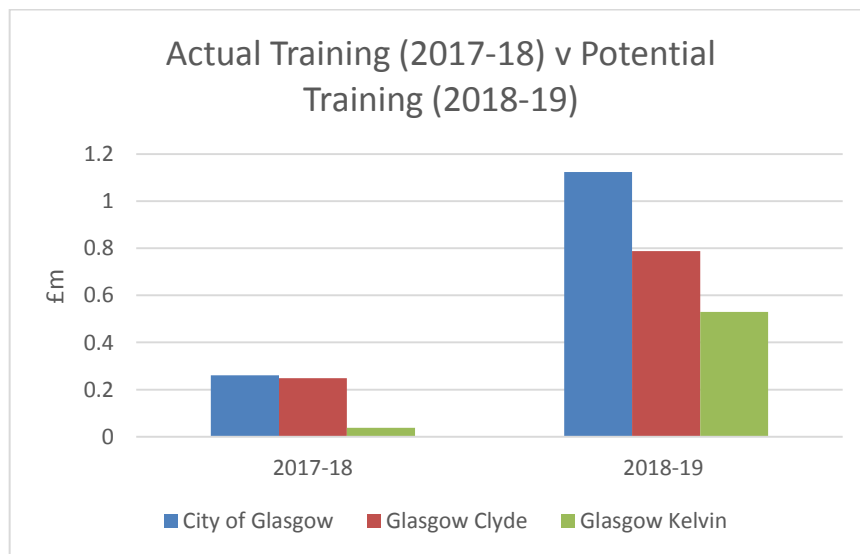
5.5. This leaves a further amount of £0.95m available to be contracted to other employers. Discussions are on-going with a number of employers and a summary is provided in Table 5 below.

<b>Table 5</b>	<b>City of Glasgow College</b>	<b>Glasgow Clyde College</b>	<b>Glasgow Kelvin College</b>	<b>Total</b>	<b>Maximum Possible FWDF Claim £'000</b>
<b>Employers - Contractually Agreed/Agreed in Principle/Delivered</b>	19	27	23	69	<b>£1,035</b>
<b>Employers – In Discussion</b>	73	38	13	124	<b>£1,860</b>
<b>Total</b>	92	65	36	193	<b>£2,895</b>

- 5.6. The total allocation used at 28 February 2019 is £0.97m and this is spread across 69 employers (an average of just over £14,000 per employer). If each of these employers claimed the maximum available it would utilise a further £69,000 of the FWDF allocation. There is an opportunity to provide some additional training to employers who have already committed to the programme (i.e. to enable each employer, or an employer in their supply chain, to utilise the maximum allocation for each levy payer).
- 5.7. The colleges have also identified 124 employers that are 'in discussion' who have not yet agreed FWDF activity in 2018-19. If each of these employers were contracted, and each utilised the full £15,000 available in 2018-19, it would equate to a further £1.86m of activity.
- 5.8. If the potential amounts identified in the previous two paragraphs are added to the amount already allocated it would give a maximum potential activity for 2018-19 of £2.9m. However, this is a very optimistic outlook.

**6. Potential Training to be delivered in 2018-19**

- 6.1. There is often a time lag between training being agreed and being delivered. This can be seen from the volume of training brought forward from 2017-18. As the level of agreed training increases, the volume of training to be delivered in the future increases too. This places a future burden in terms of resources to deliver the required training.
- 6.2. The value of training that could be delivered by the colleges in 2018-19 is therefore the total of allocation for 2018-19 plus the brought forward training from 2017-18. This can be compared to the actual level of delivered in 2017-18 (as reflected in the value of grant drawn). The graph below highlights the potential growth in actual delivery between the two years.



- 6.3.** The two years are not strictly comparable because the fund was initially launched in September 2017 and it took time to build momentum. As a result, the figures for 2017-18 do not represent a full twelve months of college activity. However, the graph shows the potential scale of the increase in activity across the financial years.
- 6.4.** It is also worth noting that “All training must be contractually agreed by 31 July 2019 (and have commenced by 30 September 2019) to be included as part of colleges’ year 2 (2018-19) FWDF allocations.”<sup>1</sup> In other words, there is likely to be training delivery taking place in the financial year 2019-20 that relates to the funding allocation for 2018-19. Nevertheless, the graph does demonstrate the significant growth in FWDF activity to fully utilise the allocation.

## **7. Forecast Outturn 2018-19**

- 7.1.** The minimum level of FWDF activity for 2018-19 is assumed to be the level that has been agreed at the end of February 2019 i.e. £0.97m. As per Table 5 above, the maximum level of activity is considered to be £2.90m. However, these are both considered to be extreme ‘outliers’ and the actual out-turn is likely to be somewhere in the middle.
- 7.2.** The following is an attempt to estimate the forecast out-turn:
- The average monthly activity that has been agreed/delivered in the first seven months is £138k. Using this figure for the full year equates to £1.66m. A total of £1.66m would be £0.26m below the total regional allocation for 2018-19. The average monthly level would need to be £190k for the remaining 5 months of the year to meet the full year target.
  - The level of FWDF fund utilised at January 2019 is 77% higher than the same period last year. If the same 77% increase is applied to the annual total for 2017-18 (£1.07m) it might suggest a total commitment for 2018-19 of £1.9m. However, this would represent a very significant acceleration in activity in the second half of the year. If the growth trend, seen over the last 3 periods, was plotted as a moving average it might indicate a figure of £0.85m in the second six months. If this figure was added to the level of commitment in the first six months (£0.73m) it would provide an annual total of £1.58m. This would be £0.34m below the total regional allocation for 2018-19.
  - In summary, it might be reasonable to conclude that achieving £1.6m of activity is achievable and reasonable. To achieve the full allocation of £1.9m represents a greater challenge and is less likely.
- 7.3.** The monitoring returns received in January 2019 were reviewed and provided an opportunity to consider a re-distribution of funds within the region and between regions. This could enable excess demand in one college/region to be matched with a shortfall elsewhere. The 3 colleges in Glasgow were asked to provide an assessment of the likely outcome for the full year. All 3 advised that they were confident of achieving the college targets for 2018-19. As a result, a re-distribution within the Glasgow region was not necessary at the end of January 2019. Similarly, given the confidence of the colleges in meeting the target, the region did not relinquish funds to the SFC.

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<sup>1</sup> SFC Guidance (SFCGD162018) – Flexible Workforce Development Fund (31 July 2018)

## **8. Risk Analysis**

- 8.1.** Activity needs to increase significantly to ensure that the allocation for 2018-19 is fully utilised and this represents a significant challenge. The first year of the fund was a pilot year and some leeway was provided. However, failure to achieve the target level of activity presents a risk to the reputation of the colleges and the Glasgow region.
- 8.2.** If the fund is not fully utilised by employers/colleges in 2018-19 then there may be pressure to consider whether funds should be allocated differently in the future.
- 8.3.** At this stage, the three colleges have advised that they are confident of delivering the target level of activity.
- 8.4.** There is a significant volume of activity that is to be delivered in the future. This will only increase if further contracts are agreed. This places an increasing burden on departments to deliver this training and there is a risk that there are additional costs associated with this delivery and/or training is delayed.
- 8.5.** The arrangements set out above, and those previously considered by the Board, are designed to minimise risk. In particular, these actions are intended to minimise the risk that “Effective working relationships are not developed/maintained with key partners”.

## **9. Equalities Implications**

- 9.1.** There are no equalities implications as a direct result of this report.

## **10. Legal Implications**

- 10.1.** No legal implications are identified.

## **11. Resource Implications**

- 11.1.** The financial implications of the Flexible Workforce Fund are outlined in the report. The requirement to actively promote the Fund and submit regular monitoring information to SFC has a resource implication for the colleges and GCRB.

## **12. Strategic Plan Implications**

- 12.1.** The curriculum delivery, supported by these funds, will provide significant support to the achievement of ambitions set out in the Glasgow Region Strategic Plan. Delivery supported by the Flexible Workforce Fund makes a significant contribution to meeting the aim of meeting Glasgow’s ambitions working with employers to deliver a range and depth of training opportunities.