

Performance and Resources Committee Meeting

Date of Meeting	Monday 16 December 2020
Paper Title	Flexible Workforce Development Fund
Agenda Item	11
Paper Number	PRC3-F
Responsible Officer	Jim Godfrey, Finance and Resources Director
Recommended Status	Disclosable
Action	For Noting

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:

- A total of £1,598,000 of Flexible Workforce activity (from the 2019-20 allocation) was contracted/agreed at the end of November 2020¹.
- Of the 2019-20 allocation, £1,016,000 worth of training had been delivered/commenced at 30 November 2020 leaving £903,000 of training still to be delivered from the funding allocation for 2019-20.
- A further £2.46m of Flexible Workforce funding has been allocated to the Glasgow college region for 2020-21. An indicative allocation to the three colleges is provided in the report
- The Government has also created a skills fund for Small and Medium Enterprises with an expectation that this fund will be delivered by colleges (including the Glasgow college region). A further £414,000 has been provided to the Glasgow college region for 2020-21 and an indicative allocation to the three colleges is provided in the report.

¹ For the period from 1 August 2019 to 30 November 2020

3. Report

- 3.1. The colleges and GCRB have actively promoted the Flexible Workforce Fund since it was introduced in September 2017 with levels of activity increasing significantly up to March 2020.

Flexible Workforce Fund	Funds Available £'m	Funds Used/Contracted £'m	(Over)/Under-utilisation £'m	% of funds used
2017-18	£1.92	£1.07	£0.85	56%
2018-19	£1.92	£1.89	£0.03	98%
2019-20	£1.92	£1.58	£0.33	82%
2020-21	£2.46	£0.00	£2.46	0%

- 3.2. Flexible Workforce Activity was significantly curtailed in March 2020 with a limited amount of training delivered in the remainder of the financial year. The majority of contracted activity (for 2019-20) had to be cancelled or postponed. There is £903,000 of training activity that had been agreed in 2019-20 but is awaiting delivery in 2020-21.
- 3.3. In accordance with the monitoring arrangements set out in the SFC guidance, GCRB has submitted returns on behalf of the region at the end of September, November 2019, January, May, September, October and November 2020.
- 3.4. The Colleges provided an update report to GCRB in November 2020 and this is summarised below:

Flexible Workforce Fund 2019-20	City of Glasgow College £'000	Glasgow Clyde College £'000	Glasgow Kelvin College £'000	Total £'000
Initial allocation	£894	£632	£393	£1,919
Value of training delivered/started at 30 November 2020	£521	£277	£218	£1,016
Balance remaining	£373	£355	£175	£903
Percentage of activity remaining	42%	56%	45%	47%

- 3.5. The following table shows the amounts drawdown by each college (at 30 November 2020):

Flexible Workforce Fund 2019-20	City of Glasgow College £'000	Glasgow Clyde College £'000	Glasgow Kelvin College £'000	Total £'000
Cash Drawdown	£224	£294	£371	£889
Percentage of funds claimed	25%	47%	94%	46%

- 3.6. It is worth noting that the amount of funding drawn by City of Glasgow College is less than the value of training delivered. The amount of funding drawn by Glasgow Kelvin College is similar to the total allocation for the year (and £153,000 higher than the value of actual training delivered/started at 30 November 2020). At present, this advance of funding is helping to support the cash position of the college.
- 3.7. On 21 October 2020, the Scottish Funding Council provided the programme guidance on the Flexible Workforce Development fund for colleges in 2020-21. A copy of the guidance is available via the following link:
<http://www.sfc.ac.uk/publications-statistics/guidance/2020/SFCGD232020.aspx>

The guidance also provides the allocation of funding to the Glasgow college region for 2020-21. The amount allocated is £2.46m, an increase of £0.54m compared to the previous year. The aims of the fund are similar to previous with the additional requirement to support “...employers to adapt and respond to the impacts of COVID-19 and help employers upskill and reskill”. It is proposed that this funding is allocated to the three colleges in the same proportion as previous activity.

Flexible Workforce Fund 2020-21 (Phase 1)	City of Glasgow College £'000	Glasgow Clyde College £'000	Glasgow Kelvin College £'000	Total £'000
Initial allocation	£1,146	£810	£504	£2,460

- 3.8. It is important to note that all training (within the 2020-21 allocation) must be contractually agreed by 31 July 2021 and must commence by 31 August 2021. The Glasgow colleges can therefore commence the delivery of a further £3.36m² of training in the next 9 months. To put this into perspective, the Glasgow college region has delivered a total £3.80m (FWDF) activity in the 3 years to 31 July 2020.
- 3.9. On 16 November 2020, the Minister for Business, Fair Work and Skills announced that a further “£5m will be distributed by the Scottish Funding Council to support SMEs through a college and Open University partnership”. A link to the press statement is provided below:
<http://www.sfc.ac.uk/news/2020/news-82256.aspx>
- 3.10. The allocation of this funding was notified by the Scottish Funding Council on 1 December 2020 and a link to the full announcement is provided below:
<http://www.sfc.ac.uk/publications-statistics/guidance/2020/SFCGD262020.aspx>
- 3.11. The allocation provided to the Glasgow college region is £414,302 which equates to 10.9% of the total funding available. This is at the lower end of expectations because of the allocation methodology used by the Scottish Government/Scottish Funding Council. The methodology placed a higher weighting on micro businesses resulting in higher levels of funding to other areas e.g. the Highlands and Islands. As a consequence, the total allocation to the Highlands and Islands is 45.7% higher than Glasgow despite the number of Glasgow employees (in SMEs) being significantly higher. The issue has been raised with the Scottish Government/Scottish Funding Council and a response is awaited.

² £2.46m from 2020-21 and £0.90m from 2019-20.

- 3.12.** On the basis of the funding notified, the following is proposed as the indicative college allocation in Glasgow:

Flexible Workforce Fund 2020-21 (Phase 2)	City of Glasgow College £'000	Glasgow Clyde College £'000	Glasgow Kelvin College £'000	Total £'000
Initial allocation	£193	£136	£85	£414

- 3.13.** The indicative allocation provides a target level to work within but the actual funding is dependent upon delivery.

4. Risk Analysis

- 4.1.** The arrangements set out in this report, and those previously considered by the Board, are designed to minimise the risks. In particular, these actions are intended to minimise the risk (002) that “Effective working relationships are not developed/maintained with key partners”.
- 4.2.** The backlog of training (£903,000) will require the commitment of significant college resources in 2020-21. It will be extremely challenging for colleges to deliver the backlog of training and also the additional allocation of funding for 2020-21 (£2.874m).
- 4.3.** City of Glasgow College is now able to drawdown funding to meet future training costs. Glasgow Kelvin College have received funds in advance to meet the cost of future training. There is a risk that colleges may not be able to deliver the volume of training (and therefore drawdown funding) given the current operating limitations. As such, there is an increased risk that “Financial sustainability is jeopardised by a reduction in funding and/or an increase in costs).

5. Equalities Implications

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

6. Legal Implications

- 6.1.** No legal implications are identified.

7. Resource Implications

- 7.1.** The financial implications of the Flexible Workforce Fund are outlined in the report.

8. Strategic Plan Implications

- 8.1.** 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.