

## Performance and Resources Committee Meeting

Date of Meeting	Thursday 16 March 2020
Paper Title	Indicative Budget 2020-21
Agenda Item	10
Paper Number	PRC3-H
Responsible Officer	Jim Godfrey, Finance and Resources Director
Recommended Status	Disclosable
Action	For Decision

### 1. Report Purpose

- 1.1. To provide the Performance and Resources Committee with the latest information regarding the indicative funding for 2020-21.

### 2. Recommendations

- 2.1. The Committee is asked to:

- **Note** the Indicative Budget issued by the Scottish Government on 6 February 2020 and subsequent analysis by Colleges Scotland
- **Request** that the Indicative Regional Funding Allocations for 2020-21 are presented for consideration as soon as they are published by SFC.

### 3. Report

- 3.1. On 6 February 2020, the Scottish Government published its Indicative Budget for 2020-21. This was approximately two months later than has been the case in previous years and was due to a delay in the UK Government publishing its own budget. The Scottish Government Budget was approved by the Scottish Parliament on 5 March 2020. Full details of the Scottish Budget are available via the following link:  
<https://www.gov.scot/budget/>
- 3.2. Following publication of the Scottish Government Indicative Budget, Colleges Scotland issued a budget analysis and press release. A copy of the analysis and press release is provided as an Annex to this document for information.
- 3.3. On 20 February 2020, the Scottish Funding Council (SFC) hosted a budget event to which the GCRB Interim Executive Director was invited. This provided an opportunity for a discussion regarding elements of the budget and consideration of the discretionary elements. The outcome of these discussions is being used to inform a report to the next meeting of the SFC Board.

**3.4.** It is clear that the Scottish Government intends to provide additional funds to the college sector in 2020-21 and this is welcome. However, it is also apparent that the additional funds will need to be used to meet additional cost pressures, for example:

- The cost of annual pay settlements. Public sector pay policy (2020-21) indicates that increases should not exceed 3% for staff earning up to £80,000. In addition, there will be the associated on-costs for National Insurance and Pension contributions.
- The additional costs associated with the Scottish Teachers' pension scheme. The employer contribution rate increased from 17.2% to 23% of gross pay from 1 September 2019.
- The additional costs of meeting the increases in student funding e.g. as a result of changes in Government policy.

**3.5.** In conclusion, the following comments are offered:

- The delay in publication of the UK, and Scottish Government, budgets has significantly compressed the time available for the college sector, and Glasgow college region, to review the budget options.
- The increased allocation to the college sector is welcome. However, the growth in anticipated costs is expected to fully utilise all additional funding.

#### **4. Risk Analysis**

**4.1.** The Budget for 2020-21 has significant implications for the financial sustainability of the Glasgow college region. The purpose of this paper is to provide information to the board to assist management of risk 008 *'Financial sustainability is jeopardised by a reduction in funding and/or an increase in costs.'*

#### **5. Legal Implications**

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

#### **6. Resource Implications**

**6.1.** The indicative funding available to the sector is outlined in the Scottish Government Budget for 2020-21. Work is taking place to determine the indicative allocation within the college sector. As soon as the regional allocation is known it will be possible to determine the allocations to individual colleges in Glasgow.

#### **7. Strategic Plan Implications**

**7.1.** 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.