

## Performance & Resources Committee Meeting

Date of Meeting	Tuesday 2 May 2017
Paper Title	SFC Long Term Activity Plan
Agenda Item	12
Paper Number	PRC6-I
Responsible Officer	Robin Ashton, GCRB Executive Director
Status	Disclosable
Action	For Discussion

### 1. Report Purpose

- 1.1. Update members on SFC notification of indicative credit targets for each college/region for academic years 2017-18 to 2021-22.

### 2. Recommendations

- 2.1. The Committee is invited to:

- **note** the attached SFC paper on long-term planning for the college sector; and
- **request** the Executive Director to work with the assigned colleges to:
  - prepare proposals for individual college allocations of additional childcare and workforce development Credits, once this activity is formally offered to the Glasgow College Region, and to provide this to the GCRB Board in May for approval; and
  - develop indicative activity levels for the Glasgow assigned colleges for the four year planning period set out in the SFC report and to provide this to a future meeting of the Committee for further consideration.

### 3. SFC paper on long-term planning for the college sector

- 3.1. The SFC have provided a consultative paper to the sector informing each region of indicative credit for academic years 2017-18 to 2021-22.
- 3.2. This is intended to assist regions develop medium to long term plans during a period of uncertainty which is in-line with the recommendations from Audit Scotland – Scotland’s Colleges 2016.
- 3.3. Members should note that the Scottish Government have not set out the SFC budget beyond 2017-18 and therefore the figures presented are for planning purposes only and may be subject to change.

- 3.4.** In the period to which the indicative activity figures relate, a the following variables will impact on activity planning:
- 3.5.** European Social Funds (ESF) relating to the Youth Employment Initiative (YEI) funding stream will cease after 2017-18. This is the funding stream accessed by the Glasgow College Region and therefore after 2017-18, Glasgow will receive funds from another ESF funding stream: Developing Scotland's Workforce (DSW). The main differences between these funding streams is the YEI is targeted at FE level learners and the DSW at HE level learners, and the change to the DSW fund will mean a reduction of around 1/3 in ESF activity volumes for the Glasgow College Region.
- 3.6.** The Scottish Government has committed to providing additional childcare training funds to colleges in support of the national increase in free childcare provision from 600 hours to 1,140 hours. SFC have indicated that formal offers of additional childcare activity will be made late April/early May.
- 3.7.** The funds previously allocated to the Employability Fund will be transferred to a new Workforce Development Fund. The nature of this fund has yet to be fully determined but Ministers' intention is that this new fund will bring the college sector and industry together to better support in-work training. Current indications are that the fund will be introduced in autumn 2017.
- 3.8.** Overall, the SFC state they intend to use the above additional activity to protect current activity levels for all regions and deliver a managed transition to 2021-22 levels, and therefore the activity levels for each region show minimal overall change over the four year period.
- 3.9.** For Glasgow the following information is provided:

	2017-18	2018-19	2019-20	2020-21
Core Credits	368,574			
ESF Credits	20,383			
Additional Childcare/Workforce Development Credits*	8,484			
<b>Total Credits</b>	<b>397,441</b>	<b>392,961</b>	<b>392,961</b>	<b>389,031</b>

(\* Not yet formally offered to the Glasgow College Region.)

- 3.10.** The indicative figures suggest that Glasgow will receive a further 8,484 Credits for 2017-18. This will include 1,000 additional Credits for City of Glasgow College agreed as part of the regional curriculum and estates plan, plus unspecified amounts of Additional Childcare/Workforce Development Credits.
- 3.11.** Initial indications are that the Additional Childcare Credits for 2017-18 are likely to be in the region of around 1,000 Credits.
- 3.12.** In 2018-19 the data suggests a reduction of around 5,000 Credits for the Glasgow College Region which will relate mainly to a reduction in ESF funded activity as 2017-18 is final year of YEI funding and thereafter ESF will transfer to the DSW funding stream.

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

- 4.1.** The indicative activity levels suggest that broadly, risks relating to a reduction in regional activity (and therefore funding) levels will be reduced by the SFC approach to minimising change across the sector. This is of particular relevance to the Glasgow Region as the City of Glasgow College NPD project business case included an assumption that the college would be allocated circa 175,000 Credits activity and if there was to be a significant reduction in regional activity levels this would potentially disproportionately impact on the other Glasgow region colleges.
- 4.2.** However, the changes in ESF and the increases in additional childcare and workforce development credits mean that whilst overall credit levels for Glasgow will remain relatively stable, there is a significant level of variability in activity streams. Therefore, planning to ensure the colleges and the region as a whole meet Regional Credit activity within these funding streams will be complex, particularly as achievement will require colleges to repurpose activity within their overall activity targets. To mitigate this risk, the GCRB Director will work with the assigned colleges to develop indicative activity levels for the Glasgow assigned colleges for the four year planning period to enable planning to begin as soon as possible.

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

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

#### **6. Financial Implications**

- 6.1.** These indicative activity figures suggest additional Credit activity funding will be provided to Glasgow in 2017-18.
- 6.2.** The SFC planning paper does not consider transitional funding arrangements for the new Credit funding approach. However, the SFC have indicated that the transitional arrangements may continue for a further three years.

#### **7. Regional Outcome Agreement Implications**

- 7.1.** The activity allocations considered within the attached paper will support delivery of commitments made in Regional Outcome Agreements.



## Long-term Planning for the College Sector

### Purpose

1. The purpose of this paper is to set-out a long term planning horizon for college activity by setting indicative credit targets for each college/region from AY 2017-18 to 2021-22. The aim is to assist colleges/regions develop medium to long term plans during a period of uncertainty which is in-line with the recommendations from Audit Scotland – *Scotland's Colleges 2016*.

### Background

2. On 10 February we provided colleges/regions with indicative funding allocations and credit targets for 2017-18  
[www.sfc.ac.uk/web/FILES/Announcements\\_SFCAN022017/Indicative\\_college\\_funding\\_announcement\\_AY\\_2017-18.pdf](http://www.sfc.ac.uk/web/FILES/Announcements_SFCAN022017/Indicative_college_funding_announcement_AY_2017-18.pdf)
3. In the funding letter we indicated that around £6 million, which had been used previously for the Employability Fund would be used for a Flexible Workforce Development Fund. The total available through this fund is expected to be £10 million, however, we have still to finalise and agree with the Scottish Government the criteria for the allocation of this fund and the outcomes that should be delivered.
4. We also indicated that we expect additional funds for childcare training places. This was part of the Scottish Government's commitment to increasing the provision of free Early Learning and Childcare (ELC) entitlement from 600 hours, to 1,140 hours by 2020. The planned expansion will have a significant impact on the demand for qualified childcare practitioners in the coming years, through the suite of qualifications for early learning and childcare practitioners and managers. At the time of writing the indicative funding letter we did not have confirmation of the funding or number of places to be delivered.
5. In addition to this the sector is aware that the ESF – Youth Employability Fund comes to an end in 2017-18. From 2018-19 we expect all colleges/regions to deliver activity as part of the ESF – Developing Scotland's Workforce programme. However, as there is a smaller intervention rate there will be a reduction in funded activity supported through ESF and for some college regions this could be a significant reduction.
6. Colleges/regions are also expected to deliver articulation places in collaboration with the university sector which is funded over and above our core funding.

There are also other funding streams, for example Foundation Apprenticeships, which do not feature in this planning cycle as they are to be funded directly by Skills Development Scotland.

### **Forward planning credit targets**

7. Given the uncertainty around the credit targets going forward, we have put together a proposal to offer colleges an indicative credit target which should allow each college/region to respond flexibly to deliver the SFC and SG priorities.
8. Essentially this means that we provide an indicative total credit target for each college region. We expect to be able to fully fund this activity target through the credit funding model, taking account of the transition to fully implement the new model. From that total credit target we agree sub-targets for the delivery of:
  - Flexible Workforce Development fund;
  - Childcare places as part of the expansion of the ELC entitlement;
  - ESF activity – under the Developing Scotland’s Workforce programme.
9. **SFC does not have agreed budgets for any funding stream, including our core activity target beyond Financial Year 2017-18. It is therefore likely that there will be changes which impact on the delivery of the activity targets set out in this paper. We are providing this paper for planning purposes only. It is not the basis of a confirmed funding commitment going forward.**
10. The Annexes set-out some of the more technical detail of the proposal and a table with illustrative credit targets from 2017-18 to 2021-22.

### **Discussion**

11. We are seeking the Group’s view on the proposed approach of setting a total activity target at this point and seeking to agree sub-targets as more information becomes available. We are also seeking a view on the proposed distribution which aims to provide each college/region with a stable credit target from 2018-19.

### **Further information**

12. Contact: Martin Smith, Chief Funding and Information Officer, email: [msmith@sfc.ac.uk](mailto:msmith@sfc.ac.uk), or Gordon McBride, Assistant Director email: [gmcbride@sfc.ac.uk](mailto:gmcbride@sfc.ac.uk).

## Colleges Activity Target Planning

1. The paper provides colleges/regions with illustrative credit targets over the period 2017-18 to 2021-22. Although both the sector and college/region targets are illustrative for all years and subject to change on an annual basis the paper does provide an early indication of planning volumes for the next 5 years. These are intended to inform the sector on the implications of the Youth Employment Initiative (YEI) project ending in 2017-18 and the likely requirements for additional Childcare and Flexible Workforce places over the period (still to be confirmed). The targets for 2021-22 also show the managed impact of the European Social Fund (ESF) projects ending in 2020-21.

## European Social Fund Projects

2. SFC has been managing three ESF projects over the period 2015-16 to 2017-18. There is a project for the Highlands region, Developing Scotland's Workforce (DSW) and the Youth Employment Initiative (YEI). The YEI project will end in 2017-18 whilst the DSW project will continue for a further 3 years (2018-19 to 2020-21) subject to a satisfactory review of the project to date. The Highlands region project is funded from our HEI budget whilst the DSW and YEI projects are funded from the College budget.
3. For every £1 million match provided by SFC we will receive an additional £2 million for our YEI project but only an additional £667k for the DSW project. SFC provided a total of £8 million per year to fund these projects which when combined with the match from Europe provided a budget of £19.7 million in 2017-18 as shown in our indicative funding allocations.
4. From 2018-19 the DSW project will be the sole ESF project outwith the Highlands region. Our £8 million match will therefore attract a reduced European match of £5.3 million providing a total budget of £13.3 million. The DSW project however is focused on HE students only who are eligible for less student support funds from SFC. In 2017-18 the Student Support budget for the ESF projects was £5.5 million with the remaining £14.2 million paying for credits. If we assume £12.3 million of the £13.3 million is available for credit funding for 2018-19 then the loss to college teaching budgets is just under £2 million. The number of credits to be delivered would fall from the published 61,607 in 2017-18 to around 49,000 in 2018-19.
5. Once the DSW project does end the £8 million SFC match funding would still be available which would mean that the activity levels would only fall by around 18,000 (1%) credits for 2021-22.

- 6. The sector credit targets (including ESF) for 2018-19 would therefore fall by around 13,000 Credits from the targets outlined in our 2017-18 indicative announcements. In 2021-22 there would be a further fall of 18,000 Credits.**

#### **Childcare places**

7. The sector will be asked to deliver additional childcare places on top of the current indicative targets. The Childcare numbers will start at around 650 FTEs for 2017-18 (c9,750 Credits) and we estimate that this could rise to around 1,350 FTEs (c24,000 Credits) for 2018-19. We are planning on the basis that they will continue at that level throughout the rest of this planning period 2021-22, although we have also provided an illustration of the revised credit targets if these additional places end in 2019-20 (Annex B). There will be additional childcare places for the Highlands region funded through the UHI but due to the specialist nature of the institution no childcare provision will be allocated to SRUC.
- 8. The additional childcare places for 2017-18 would be an additional c9,750 Credits from the targets outlined in our 2017-18 indicative announcements. From 2018-19 to 2021-22 there would be further additional c14,250 Credits.**

#### **Flexible workforce**

9. The Flexible Workforce Credits are also likely to be around 28,000 for 2018-19, assuming a fund of £6 million. Again we are assuming that this level will continue to 2021-22. The Flexible workforce announcement spoke about a £10 million fund and it is likely the additional £4 million will be transferred to SFC over the coming months. We have not allocated the £4 million at this time.
- 10. The Flexible Workforce places for 2017-18 (£6 million) would be an additional c28,000 Credits from the targets outlined in our 2017-18 indicative announcements and would continue at that level from 2018-19 to 2021-22.**

#### **Combined effect**

11. The combined effect of these changes would mean around c52,000 additional credits in 2018-19 less the c13,000 reduction in ESF for the same year. Overall we expect to be asked to deliver c39,000 Credits above the 2017-18 indicative levels (inc ESF) in 2018-19. This would mean an increase from 1.75 million to 1.79 million Credits.

#### **Possible distribution between colleges**

12. Colleges/regions delivering the YEI programme in 2015-16 to 2018-19 would have been expecting a significant reduction in places for 2018-19. Although there will have to be a rebalancing of curriculum it may not be necessary to

reduce the number of places in any college until 2021-22 when the ESF projects end.

13. Annex A1 below provides a possible scenario for credit targets (inc ESF, Flexible workforce and childcare) up to 2021-22. The activity levels are of course not confirmed at this time. SFC has attempted to protect current activity levels for all colleges (inc ESF) and deliver a managed transition to 2021-22 levels. The revised 2017-18 figures in Annex A1 include additional places for flexible workforce (c28,000 Credits) and Childcare (c9,750 Credits) that have yet to be confirmed and may differ from the numbers presented. We have also included an additional 1,000 Credits for City of Glasgow based on a prior agreement. For 2018-19 ESF credits will fall by c13,000 whilst Childcare Credits will increase by around c14,250 resulting in an overall increase of around c1,250 Credits from the 2017-18 targets. These 2018-19 levels are shown as unchanged for each college/region until 2021-22 when all colleges/regions will see a 1% reduction when the DSW ESF projects end.
14. The table also shows that activity levels are predicted to rise by 2.2% between the 2017-18 indicative allocations and the final numbers to be delivered for 2017-18. The Flexible Workplace places included within the 2.2% may not be confirmed for some time although the childcare numbers should be confirmed soon. Most colleges/regions will receive at least a 2.2% increase on top of the 2017-18 indicative allocations except those colleges/regions currently benefitting from a greater share of ESF places. This is designed to smooth activity levels over the years and avoid peaks and troughs where possible. It also allows those colleges/regions not benefitting from the higher levels of ESF support to be offered additional growth at the earliest point. Highlands will receive additional HE childcare places through the UHI.
15. The change between 2017-18 indicative and 2018-19 indicative levels follows a similar pattern. Overall there is a 2.3% increase from the 2017-18 indicative levels. Those colleges/regions who had benefitted most from the ESF projects see less of an increase but do still see some growth from the 2017-18 indicative levels. West Lothian, Borders and Dumfries & Galloway receive the highest level of growth which is in line with our demographic model.
16. The table also shows the increase in credits for each college/region between the 2017-18 indicative announcement and the 2018-19 illustrative levels including the additional childcare and flexible workforce places. It also shows the expected number of additional places to be delivered by each region for childcare and flexible workplace activity. There is not a direct correlation between growth received and places to be delivered for childcare and flexible workforce activity. For most colleges/regions the additional credits allocated exceed the number of additional childcare and flexible workforce places to be delivered however this is not the position for those colleges who currently have



the larger share of ESF activity (Glasgow, Lanarkshire, Dundee and West) and also Edinburgh College. The ESF colleges/regions were always likely to see a significant reduction in funded places. The growth for Edinburgh College is however still above the sector average.

17. It is likely that some colleges/regions will be unable to deliver the additional places shown. We are already aware that a number of colleges decided not to deliver their full allocation of ESF places in previous years. It would of course be advantageous to work with the sector to identify these colleges at the earliest time to aid the sector planning assumptions for future years and to help ensure success in delivering the additional places and core targets. This will mean there will be a likely need for redistribution across the sector. These discussions would take place locally with the outcome agreement manager and then at sector level within SFC. We believe it is beneficial to smooth the targeted delivery levels to aid resource planning requirements. The targets would be revisited each year as part of the Outcome Agreement discussions.
18. It may be that we receive guidance from the SG that they require a different number of childcare and/or flexible workforce places across the geographical regions. This need not change our overall illustrative targets for the regions. For example, if our demographic model identifies a need for 1,000 student places, we allocate 950 for core provision and 50 for childcare and flexible workforce. If we then subsequently require 100 places for childcare and flexible workforce we would expect the college to re-balance activity and deliver 900 core places plus the 100 childcare and flexible workforce places.
19. The table attached is based on a flexible workforce budget of £6 million but this may rise to £10 million. This would mean an additional c18,000 (1% on core) Flexible Workforce Credits to be delivered. If we do receive guidance from the SG to deliver markedly different distributions of childcare and flexible workforce places then we could use some of these additional credits strategically on a case by case basis. Total activity levels in 2018-19 based on the £6 million Flexible Workforce budget and excluding the ESF targets would be 1.75 million Credits, this would deliver 116,200 FTEs.

**Annex A1: Illustrative Credit targets from 2017-18 indicative to 2021-22**

	A	B	C A + K	D A + K	E A + K	F e*0.99	G (B-A) / A	H (C-A) / A	I (F-A) / A	J (F-E) / E	K C - A	L
	Illustrative Credit targets inc ESF (except 2021-22 which includes SFC £8m match only)						change from 2017-18 indicative (inc ELS) to illustrative:			Change from 2020-21 to 2021-22	Credits increase from indicative 2017-18 to 2018-19	number of additional Childcare & flexible workforce Credits to be delivered
	2017-18 indicative	17-18	18-19	19-20	20-21	21-22	2017-18	2018-19	2021-22	2021-22	2018-19	
Ayrshire College	125,507	128,347	130,371	130,371	130,371	129,067	2.3%	3.9%	2.8%	-1.0%	4,864	3,960
Borders College	25,095	25,946	26,155	26,155	26,155	25,894	3.4%	4.2%	3.2%	-1.0%	1,060	782
Dumfries & Galloway College	30,067	30,875	31,336	31,336	31,336	31,023	2.7%	4.2%	3.2%	-1.0%	1,269	958
Dundee & Angus College	108,333	110,653	109,921	109,921	109,921	108,822	2.1%	1.5%	0.5%	-1.0%	1,588	3,290
Edinburgh College	186,028	190,117	191,528	191,528	191,528	189,613	2.2%	3.0%	1.9%	-1.0%	5,500	5,865
Fife College	132,765	136,082	137,769	137,769	137,769	136,391	2.5%	3.8%	2.7%	-1.0%	5,004	4,136
Forth Valley College	86,214	88,302	89,329	89,329	89,329	88,435	2.4%	3.6%	2.6%	-1.0%	3,115	2,677
Glasgow Region	388,957	397,441	392,961	392,961	392,961	389,031	2.2%	1.0%	0.0%	-1.0%	4,004	11,747
Highlands & Islands Region	112,167	114,005	114,005	114,005	114,005	112,865	1.6%	1.6%	0.6%	-1.0%	1,838	1,824
Lanarkshire Region	185,733	188,215	186,467	186,467	186,467	184,602	1.3%	0.4%	-0.6%	-1.0%	734	5,449
Newbattle Abbey College	926	926	926	926	926	926	0.0%	0.0%	0.0%	0.0%	0	0
North East Scotland College	137,153	141,168	142,472	142,472	142,472	141,048	2.9%	3.9%	2.8%	-1.0%	5,319	4,275
Sabhal Mòr Ostaig	803	803	803	803	803	803	0.0%	0.0%	0.0%	0.0%	0	0
SRUC	22,867	23,246	23,246	23,246	23,246	23,013	1.7%	1.7%	0.6%	-1.0%	379	376
West College Scotland	166,111	169,685	169,438	169,438	169,438	167,744	2.2%	2.0%	1.0%	-1.0%	3,327	5,068
West Lothian College	43,499	44,955	45,341	45,341	45,341	44,888	3.3%	4.2%	3.2%	-1.0%	1,842	1,355
<b>Scotland</b>	<b>1,752,225</b>	<b>1,790,766</b>	<b>1,792,068</b>	<b>1,792,068</b>	<b>1,792,068</b>	<b>1,774,164</b>	<b>2.2%</b>	<b>2.3%</b>	<b>1.3%</b>	<b>-1.0%</b>	<b>39,842</b>	<b>51,763</b>

**Annex B: Illustrative Credit targets from 2017-18 indicative to 2021-22 (assumes additional childcare ends in 2019-20)**

	A	B	C	D	E	F	G	H	I	J	K	L
			A + K	A + K	A + K	e*0.99	(B-A) / A	(C-A) / A	(F-A) / A	(F-E) / E	C - A	
	Illustrative Credit targets inc ESF (except 2021-22 which includes SFC £8m match only)						change from 2017-18 indicative (inc ELS) to illustrative:			Change from 2020-21 to 2021-22	Credits increase from indicative 2017-18 to 2018-19	number of additional Childcare & flexible workforce Credits to be delivered
	2017-18 indicative	17-18	18-19	19-20	20-21	21-22	2017-18	2018-19	2021-22	2021-22	2018-19	
Ayrshire College	125,507	128,347	130,371	130,371	128,478	127,193	2.3%	3.9%	1.3%	-1.0%	4,864	3,960
Borders College	25,095	25,946	26,155	26,155	25,775	25,518	3.4%	4.2%	1.7%	-1.0%	1,060	782
Dumfries & Galloway College	30,067	30,875	31,336	31,336	30,881	30,573	2.7%	4.2%	1.7%	-1.0%	1,269	958
Dundee & Angus College	108,333	110,653	109,921	109,921	108,325	107,242	2.1%	1.5%	-1.0%	-1.0%	1,588	3,290
Edinburgh College	186,028	190,117	191,528	191,528	188,747	186,860	2.2%	3.0%	0.4%	-1.0%	5,500	5,865
Fife College	132,765	136,082	137,769	137,769	135,769	134,411	2.5%	3.8%	1.2%	-1.0%	5,004	4,136
Forth Valley College	86,214	88,302	89,329	89,329	88,032	87,151	2.4%	3.6%	1.1%	-1.0%	3,115	2,677
Glasgow Region	388,957	397,441	392,961	392,961	387,256	383,383	2.2%	1.0%	-1.4%	-1.0%	4,004	11,747
Highlands & Islands Region	112,167	114,005	114,005	114,005	114,005	112,865	1.6%	1.6%	0.6%	-1.0%	1,838	1,824
Lanarkshire Region	185,733	188,215	186,467	186,467	183,760	181,922	1.3%	0.4%	-2.1%	-1.0%	734	5,449
Newbattle Abbey College	926	926	926	926	926	926	0.0%	0.0%	0.0%	0.0%	0	0
North East Scotland College	137,153	141,168	142,472	142,472	140,404	139,000	2.9%	3.9%	1.3%	-1.0%	5,319	4,275
Sabhal Mòr Ostaig	803	803	803	803	803	803	0.0%	0.0%	0.0%	0.0%	0	0
SRUC	22,867	23,246	23,246	23,246	23,246	23,013	1.7%	1.7%	0.6%	-1.0%	379	376
West College Scotland	166,111	169,685	169,438	169,438	166,978	165,308	2.2%	2.0%	-0.5%	-1.0%	3,327	5,068
West Lothian College	43,499	44,955	45,341	45,341	44,683	44,236	3.3%	4.2%	1.7%	-1.0%	1,842	1,355
<b>Scotland</b>	<b>1,752,225</b>	<b>1,790,766</b>	<b>1,792,068</b>	<b>1,792,068</b>	<b>1,768,068</b>	<b>1,750,404</b>	<b>2.2%</b>	<b>2.3%</b>	<b>-0.1%</b>	<b>-1.0%</b>	<b>39,842</b>	<b>51,763</b>