

Performance and Resources Committee Meeting

Date of Meeting	Friday 1 December 2017
Paper Title	Flexible Workforce Development Fund – Progress Report
Agenda Item	12
Paper Number	PRC2-I
Responsible Officer	Jim Godfrey, Interim Finance and Resources Director
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**:

- the extensive work undertaken by the three colleges to promote the Fund to levy paying employers,
- the regional response in respect of the Fund that was submitted to the Scottish Funding Council in November 2017,
- that the number of employers (who have signed training contracts) accounts for almost 10% of the total funds available, and
- that there is a risk that the total available funds may not be fully utilised by the cut-off date.

3. Background

- 3.1. The Board considered a report on the Flexible Workforce Fund at its meeting on 4 September. Following the meeting, further guidance on the operation of the Fund was been received following the Ministerial launch on 8 September.
- 3.2. The Executive Director wrote to the Principals of the three colleges setting out the offer of grant on 6 October.
- 3.3. This Committee received an update of progress in respect of the Flexible Workforce Fund at its previous meeting on 9 October.

4. Flexible Workforce Development Fund

- 4.1. The Colleges and GCRB are working closely to monitor progress and respond positively to the Fund requirements.
- 4.2. Since the Fund was launched the representatives of the three Colleges and GCRB are meeting every two weeks. These meetings have helped to ensure that:
- A consistent approach is adopted,
 - Experiences are shared, and
 - Monitoring information is exchanged.
- 4.3. In accordance with the monitoring arrangements set out in the SFC guidance, GCRB has submitted returns to SFC on behalf of the region. Returns are submitted every two weeks which show the number of training contracts agreed with levy paying employers. The latest return identifies that a total twenty employers have agreed a training contract and that Glasgow Clyde College will deliver training to over 750 employees. This represents around 10% of the regional target. A summary of the latest return (submitted 21 November) is provided below:

Flexible Workforce Fund	City of Glasgow College	Glasgow Clyde College	Glasgow Kelvin College	Total
Initial Allocation	£894,240	£631,775	£393,260	£1,919,275
Contracted Training at 21 November 2017	£0	£181,365	£0	£181,365
Balance Remaining	£894,240	£450,410	£393,260	£1,737,910
Percentage Remaining	100%	71%	100%	91%

- 4.4. In addition, the Colleges have also provided GCRB with a schedule of organisations that they are currently engaged with but who have not yet signed a training contract. It is hoped, that a significant number of these organisations will access the Fund. To give an example of the scale of this work-in-progress, City of Glasgow College is currently engaged with over 40 different employers.
- 4.5. To reach this stage, the College have undertaken a significant amount of promotional activity and invested a lot of time building partnerships. The extent of the activities undertaken by the Colleges is shown within Annex 2 of this document. It must be remembered that the Colleges have invested significant resources in these promotional and developmental activities. It is not permitted to use the Flexible Workforce Development Fund for this purpose.

- 4.6.** The regulations, and Fund guidance, are presenting a number of challenges to levy payers and the Colleges. Based upon our collective experience of the Fund, GCRB and the Colleges submitted a response to the Scottish Funding Council on 15 November 2017 (A copy is provided at Annex 1 of this report). The aim of this response was to propose some changes to try to ensure that the Flexible Workforce Fund had the best chance to be successful. The key changes recommended are:
- Publicity and Promotion of the Fund at a National Level
 - Changes to the Timescales
 - Changes to the Funding Cap
- 4.7.** On 20 November, GCRB received a copy of an email which was sent by SFC to all Principals. A copy of this email is provided at Annex 3 of this report. This email responds to comments raised previously by Colleges Scotland. In summary, the email from SFC extends the reporting timescale from 15 December 2017 to 28 February 2018. It also enables training to take place beyond 30 June 2018, as long as the training is contractually committed to by this date. In essence this addresses the concerns raised by the Region in respect of the changes to timescales. We look forward to receiving a response to our proposals with regard to the Publicity and Promotion of the Fund and Changes to the Funding Cap.
- 4.8.** The guidance states that the SFC will pay the amounts to the Regional Strategic Board quarterly in October 2017 and then in January, April and July 2018. GCRB will therefore make payments to the assigned colleges on the same basis. Following the approach of the SFC, this will ensure that GCRB does not pay in advance of need and is able, if necessary, to redistribute funds between colleges.

5. Risk Analysis

- 5.1.** 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 that “Effective working relationships are not developed/maintained with key partners”.
- 5.2.** The potential risk to the Flexible Workforce Development Fund is a concern as it is a one-year pilot. The risks to these funds beyond the current year could impact on the risk that “Financial sustainability is jeopardised by a reduction in funding”.

6. Legal Implications

- 6.1.** No legal implications are identified.

7. Resource Implications

- 7.1.** The financial implications of the additional grants are outlined in the report.
- 7.2.** The requirement to submit regular monitoring information to SFC in respect of the Flexible Workforce Development Fund has a resource implication for GCRB. This is a significant additional administrative burden.

8. Strategic Plan Implications

- 8.1.** The curriculum delivery supported by these additional 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 will make a significant contribution to meeting the aim of meeting Glasgow's ambitions working with employers to deliver a range and depth of training opportunities.

Flexible Workforce Development Fund

Experience to Date and Suggested Changes

Glasgow Colleges' Region, November 2017



Background

Following the launch in September 2017, GCRB and the three colleges in Glasgow have been working together to deliver the Flexible Workforce Development Fund. By working collaboratively, we have developed a regional approach to the Fund.

The colleges have utilised their existing networks to promote the Fund to current business partners and new organisations alike¹. One of the advantages of the current activity has been to increase the number of businesses who are in discussions with the Colleges.

The purpose of this briefing paper is to reflect upon our shared experience to date. Using this experience, we have made some suggested improvements to the arrangements surrounding the Fund. It is our view that the adoption of these changes will increase our ability to meet the needs of levy payers and deliver the Government's priorities. The proposals set out below build upon discussions that have taken place with business partners, colleagues from the College sector and the Scottish Funding Council.

Experience to Date

As a result of the extensive work undertaken within the Glasgow Region some common issues are emerging. These are:

1. Initial knowledge of the Fund, within our community of eligible levy payers, was low. One of our early actions has been to raise awareness of the Fund.
2. Promotion of the Fund has taken place at a local level with very little national publicity or promotion. This has meant that publicity regarding the Fund has taken place in an ad hoc manner.
3. Direct promotional activity to levy payers is challenging as we have no information in terms of the levy payers in the region. This means promotional activity is generic rather than targeted at eligible levy payers.
4. Under the current rules, the costs of promoting, and administering the Fund, cannot be met from the Fund itself. This means that the college must meet the cost from existing budgets for learning and teaching.
5. The fund began from a 'standing start', in other words all of the promotional activity took place following the launch of the Fund. The investment of resource, to promote the Fund, is something that requires time to prepare the foundations to deliver future returns.
6. The activities in respect of; promoting the fund, meeting with the levy payer, completing the training needs assessment, completing the application and planning the training programme all take time. The amount of time required to undertake these activities is not consistent with time available between the Fund launch (September 2017) and the reporting date (December 2017).
7. The fixed ceiling of £10k per levy payer is problematic and a disincentive to some larger employers. Anecdotal feedback, from employers, is that the process of applying for the funds is disproportionate to the value of training available.

¹ Details of the activities undertaken within the region are attached as an annex to this document.

Suggested Changes

Based upon our experience to date, we have made some suggestions as to how the arrangements regarding the Fund could be amended. We believe that these amendments will increase the ability of Colleges to meet the needs of levy paying employers and deliver the Government's priorities.

Publicity and Promotion

We need the Scottish Funding Council, and Scottish Government, to assist Colleges by promoting of the Fund at a national level. This might include a national advertising campaign and developing materials nationally that Colleges can use locally. This will raise the profile of the Fund and enable a consistent, and co-ordinated, message to be communicated.

We believe it is imperative that the Scottish Funding Council obtain a definitive list of levy paying employers, identifying the geographical location of each levy payer and the size of the levy paid. This information is contained within the information available to HMRC within the Employer Payment Summary (EPS). This availability of this information would allow the Colleges to focus marketing resources on those companies that are most likely to benefit from the Fund. It will also help Colleges to verify which companies are eligible to apply for funding.

We request that a small proportion of the Fund be made available to Colleges to be used to undertake specific marketing activities to promote the Fund. In Glasgow, this might include hosting an information event for eligible levy payers.

Timescales

The current process is a 'pipeline' involving 4 stages as shown in the following table:

1st Stage Application Opened / Live Employer has agreed to apply.	2nd Stage Application Development Employer and College assess training needs and devise plan.	3rd Stage Application Completed Employer & College agree on details of training, delivery, dates and sign agreement.	4th Stage Training Delivery Training delivered.
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As outlined above, the time taken from initial enquiry to completed application requires more time and resource than originally anticipated. More time is required to progress through these stages and we request that the deadline for applications is extended from 15 December 2017 to spring 2018.

In accordance with the current rules of the Fund, the training must be delivered by the end of June 2018. For some companies, this represents too much 'down-time' in a compressed period of time that will run from December 2017 to June 2018. We believe that the regulations should be amended to enable training to be committed by 30 June 2018 but delivered over a longer period (for example, 12 months after the application has been approved).

Fund Cap for Levy Payers

Feedback from a number of employers is that the cap of £10k per employer is too low. There is particular criticism from the largest employers and those with knowledge of the funding landscape for apprenticeships in England. Furthermore, the complexity of developing a Fund application is significant and does not align with the value of training available.

For the reasons outlined above, we recommend that the cap per employer is increased to meet the expectations of employers. There are various ways in which this could be achieved and we have suggested an example of how this could be achieved through the introduction of bandings:

Annual Salary Bill Range	Levy Contribution	Suggested FWDF Cap
£3m to <£10m	£1 to <£35,000	£10,000
£10m to <£30m	£35,000 to <£135,000	£15,000
£30m to <£75m	£135,000 to < £360,000	£20,000
£75m+	£360,000 +	£25,000

Summary

GCRB, and the colleges in Glasgow, are supportive of the Flexible Workforce Development Fund and are working hard to achieve the positive outcomes. However, the timescales, and arrangements for the Fund, present real challenges. As such, there is a real risk of not achieving these ambitious targets.

We have therefore reflected on our experience to date and made a number of constructive proposals. It is our belief that these measures can be implemented in a timely manner to enable the Glasgow Region, and the wider College sector, to deliver a successful programme.

We are committed to continuous improvement and will learn from our experiences to further develop the Fund. It is our intention to undertake a further regional evaluation of the Fund in early 2018 and hope that this will contribute to a national review. We will also compile case studies that will highlight the success of the Fund and areas for further improvement.

Annex 2

Activity to Promote the Fund within the Glasgow College Region

Glasgow Clyde College

- Created webpage
- Produced leaflet and distributed via email and mailshot campaigns.
- Targeted email campaign to existing College levy paying contacts (220 companies).
- Mailshot campaign to levy paying companies (400 companies).
- Rolling web/social media campaigns
- On-going identification of eligible levy paying companies.
- Direct calls to company contacts by college staff members to follow-up emails and mailshots.
- Delivered workshop at the Scottish Business Exhibition on 1st and 2nd November.
- Presentations at employers group meetings.

Glasgow Kelvin College

- Created webpage and banner.
- Two mailshots to employers (313 companies).
- Created employer information packs.
- Chamber of Commerce advert.
- Additional promotion via Foundation Apprenticeship employer leads.
- Visits to employers for initial discussion about fund and training requirements.

City of Glasgow College

- Created website landing page.
- Held five Breakfast Events for employers.
- Produced promotional leaflet.
- Rolling Social Media campaign.
- Email marketing campaign (523 companies)
- Chamber of Commerce advert
- Promotion to existing and new Clients (visits/email/telephone)

Region

All three colleges are working closely with GCRB to develop a common approach to the Fund. This has included regular meetings to understand the rules of the Fund, discuss challenges, share experience and good practice, and to identify future improvements.

Important Update on Flexible Workforce Development fund (FWDF)

Extension of Date for Applications

SFC issued guidance on the FWDF on 7 September 2017 (http://www.sfc.ac.uk/web/FILES/announcements_sfc132017/SFCAN132017-flexible-workforce-development-fund-2017-18.pdf), which stated that applications for FWDF “can be submitted to regional colleges during the period 11 September to 15 December 2017. Providing that the employer and the training identified meets FWDF eligibility criteria, regional colleges and RSB’s will allocate the funds on a ‘first-come first-served’ basis. Any underspend of funds after 15 December will be redistributed to college regions where there is evidence of unmet demand.” At the request of Colleges Scotland, which was operating on the basis of feedback from the sector, SFC has pursued with the Scottish Government the prospect of an extension to the current deadline of 15 December 2017. I am pleased to report that the Scottish Government has agreed to change the date to enable Colleges to engage more fully with employers. The SG has agreed to an extension until the **28th February 2018**. That said, we will be unable to offer any further extension, and will at that point redistribute unspent funds to College regions where there is evidence of unmet demand.

However, the Scottish Government remains closely interested in progress with the delivery of the FWDF and has requested an update of activity to date by the **1st December 2017**. It is essential that Colleges ensure the reporting spreadsheet in the FWDF portal is populated by **Wednesday 22nd November 2017** to enable us to report fully to the Minister. The original date in our guidance for reporting was 31st October 2017 but SFC did not receive reports from most College regions by that date. As detailed in our guidance a ‘live’ reporting template was made available on SFC’s secure intranet for each college/RSB to complete on an ongoing basis when an application has been received and training has been agreed with the employer.

End Date for Delivery

In our guidance we said that the activity must take place between September 2017 and June 2018. To provide colleges with further flexibility we have amended this to - all training must be contractually committed by the **end of June 2018**, although the training may continue beyond that date.

Health and Social Care

Our guidance stated that the “FWDF will not support provision of qualifications/training required by legislation”. Following feedback from the college sector we sought clarification of this in relation to Health and Social Care provision. Although the fund cannot be used for the registration regulation requirements it can be used for training purposes.

Martin Smith

Chief Funding and Information Officer