SFC Guidance

Delivering College Outcome Agreements (AY 2016-17)

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Summary: This guidance announces the Scottish Funding Council's timetable and process for the negotiation of AY 2016-17 Outcome Agreements. It also sets out the process for the monitoring of AY 2015-16 agreements.

FAO: College Principals and regional strategic bodies

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Introduction

1. This guidance has been produced to explain how the Scottish Funding Council (SFC) will go about negotiating updated Outcome Agreements from academic year (AY) 2016-17. As the agreements which were signed in 2014 were generally for a three year period (2014-17) we anticipate that in most cases the agreements for 2016-17 and beyond will be refreshed versions of the 2014-17 agreement rather than completely new agreements. The guidance also explains how the AY 2015-16 Outcome Agreements will be monitored and how SFC will continue to work with colleges and regional strategic bodies to develop its approach.

2. Outcome Agreements were introduced in AY 2012-13. They are intended to enable SFC and colleges to demonstrate the impact of the sector and its contribution to meeting Scottish Government priorities. Bodies funded by SFC are required by the Financial Memorandum with Fundable Bodies in the college sector, as a term and condition of SFC grant, to deliver their Outcome Agreement.

3. Outcome Agreements achieve this by building better relationships with colleges and key stakeholders to support:

   - Increased accountability and confidence in the distribution of resources, ensuring that resources are targeted where there is greatest need

   - Continuous improvement, to maximise college impact on the learner, the employer and the economy.

4. The Outcome Agreement process is intended to enable:

   - Relationship-based engagement, to ensure SFC's decisions take account of the context within which colleges operate and so that SFC can differentiate its approach where it is appropriate

   - Curriculum and investment planning based on economic, industry, labour market and demographic evidence

   - Consistent methods of reporting through an Outcome Agreement document to ensure that a fair interpretation of college impact is made and to enable SFC to interpret impact consistently at a regional and national level

- A means by which college regions can discuss with SFC their broader aspirations.

5. Outcome Agreements covered by this guidance are, in most cases, for a college region. For 10 of the 13 college regions the Outcome Agreement for AY 2016-17 will be with a single regional college serving that region. In the three multi-college regions – Glasgow, Lanarkshire and the Highlands & Islands – the Outcome Agreement is negotiated and agreed with the regional strategic body. This guidance has been drafted largely with regional colleges in mind. Any questions about the application of this guidance to regional strategic bodies or assigned colleges should be put to the respective outcome manager.

6. For Sabhal Mòr Ostaig, (SMO) and Newbattle Abbey College, which are specialist rather than regional colleges, we recognise that certain aspects of this guidance will not apply. The respective outcome managers will discuss this with the colleges.

7. In the case of (a) the regional strategic body in the Highlands and Islands, the University of the Highlands and Islands and (b) SRUC the college Outcome Agreement is part of a tertiary Outcome Agreement. The respective outcome managers will agree in advance of negotiations which elements of the college and university guidance should be followed.

Developing our approach for AY 2016-17

8. As part of SFC's commitment to improving Outcome Agreements, we have made some important changes to the process from AY 2016-17. These changes are the result of detailed engagement with the sector, which included an evaluation of the AY 2015-16 process. **Table 1** on page 10 summarises the key recommendations from the evaluation and shows how SFC has responded to improve the Outcome Agreement process.

9. In the 2015-16 OAs colleges renewed their commitment to meeting national priorities and responding to the needs of employers, industry and stakeholders. We will continue to ensure the sectors' aspirations and achievements are orientated towards the four priorities for sustainable growth identified within the Scottish Government's Economic Strategy.

10. The most significant changes for AY 2016-17 relate to new government priorities and an increased focus on the statutory responsibilities set out in the Equality Act 2010 Scottish Specific Duties. The changes relate to:

- Developing the Young Workforce (DYW) – responding to the Government's Youth Employment Strategy
- Addressing gender imbalances in the most imbalanced subjects
- Mainstreaming equality and diversity for staff and students
- Better meeting the needs of care experienced young people
- Carbon reduction.

11. Taking *Education Working for All!*[1] - the final report of the Commission for Developing Scotland's Young Workforce (the Commission) - as a starting point, the Scottish Government developed DYW: Scotland's Youth Employment Strategy[2] - a seven year programme to implement the recommendations of the Commission and to achieve its aim of reducing 2014 levels of youth unemployment by 40% by 2021.

12. We will ask colleges to build on the development of their discrete DYW implementation plans prepared for 2015-16 to evidence each region's contribution to Developing the Young Workforce – Scotland's Youth Employment Strategy including specific commitments to grow senior phase vocational pathways and overcome gendered subject imbalances.

13. The contribution expected of colleges towards DYW from AY 2016-17, is outlined from page 23, and **Annex D** contains further detail on the specific related new requirements for regional context statements. In summary, in response to the 'Government's Youth Employment Strategy, we expect colleges to:

- Work in partnership with local authorities and schools to increase the range of high quality vocational pathways from the senior phase to the workplace
- Continue to develop new vocational pathways prioritising STEM subjects
- Begin to address gender imbalances in participation in college courses where there is a significant gender imbalance

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[1] http://www.scotland.gov.uk/Resource/0045/00451746.pdf

[2] http://www.gov.scot/Publications/2014/12/7750

- Address the needs of protected characteristic groups – particularly young disabled people, care leavers and black and minority ethnic groups
- Enhance employer engagement to ensure alignment of provision to labour market need
- Develop provision for relevant, high quality work placements across all vocational courses
- Contribute to the development and delivery of high quality Modern Apprenticeships (MAs).

14. SFC has revised its equality outcomes. We recognise that addressing the equality agenda requires individual institutions to respond to the general and Scottish specific duties of the Equality Act (2010).

15. We will ask institutions to demonstrate their commitment to upholding the legislative duties for both staff and students in colleges, by embedding information relevant to SFC's priorities from their most recent Equality Outcomes and Mainstreaming reports (published in 2015) within their Outcome Agreement. This includes the statutory requirement for equality impact assessments (EIA) of new, and revised strategies and policies, which includes individual published Outcome Agreements. SFC fund the Equality Challenge Unit (ECU) and College Development Network to support institutions in this work.

16. There are legislative implications for Outcome Agreements from the Children's and Young People (Scotland) Act 2014 – specifically new corporate parenting expectations for colleges and universities.

17. As a result of the Post-16 Education (Scotland) Act 2013, SFC has a number of statutory duties in relation to access across colleges and universities. These include provisions that mean, in exercising its functions, SFC must have regard to the desirability of widening access in both further and higher education, a duty to define what underrepresented socio-economic groups are in the context of access, and provision for Triennial Reviews of access which not only monitor access, but make judgements as to whether current rates and patterns of access are good enough and, further, recommendations for action that will improve them.

18. Our longer term access strategy will be further informed by the findings of the Commission on Widening Access, which will report in spring 2016 and whose remit is to develop plans to help more students from

disadvantaged backgrounds in Scotland to enter and succeed in higher education.

19. We outlined our developing response to the Post 16 Act alongside Learning for All 2015, noting that our access strategy would continue to evolve as we implement DYW and work to respond to the Commission. In the meantime we want colleges to continue to address the needs of students from the most deprived areas and set stretching targets in this area.

20. Following the decision by Buttle UK to withdraw their Quality Mark and in response to the heightened expectations from both sectors in relation to their corporate parenting responsibilities, we have set out a 3 year national ambition for care experienced students (potential and existing) to address the under-representation and poor outcomes of this group (see Annex H).

21. In relation to climate change, colleges should strengthen the focus within Outcome Agreements on carbon reduction due to the sector's obligations under the Climate Change (Scotland) Act 2009.

22. For AY 2014-15 we introduced **three-year Outcome Agreements**. We do not expect that the Outcome Agreement for 2016-17 will be a complete re-write of the agreement, instead it will be a refresh focusing on the key new policy priorities outlined in this guidance and in some cases an amended regional context statement. For AY 2016-17 SFC will work with college regions on the most effective means of reflecting their update to their three year agreement taking into account the new priorities and refinements to measures. In most cases – except where the college or region wants to do otherwise – we expect the refreshed agreement will cover the remaining year of the three year agreement. (That is, AY 2016-17.) SFC is presently consulting on a new Strategic Plan and the next 3 year cycle of OAs will be aligned to the new priorities of our Strategic Plan.

23. Three-year agreements were introduced along with changes to the Outcome Agreement template in response to recommendations from the college sector, so that an Outcome Agreement consists of two sections: a regional context statement and an outcome progress table. For further detail see below, page 39 and **Annex D**.

24. The improvements were intended to simplify reporting, make the process clearer, more focussed and, therefore, easier for colleges when preparing their agreements.

Outcome progress table

25. We are working toward an outcome-focussed approach to improve the outcomes for the individual learner and the Scottish economy as a whole.

26. We want Outcome Agreements to demonstrate:

    - How colleges contribute to a reduction in youth unemployment and improved life chances by bringing the right people into colleges to study

    - How colleges ensure provision meets national, regional and local learner and employer needs through use and analysis of Regional Skills Assessments (RSAs), Skills Investment Plans (SIPs) and other relevant labour market intelligence and is delivered in an efficient way

    - How learners are supported to complete their study, achieve successful outcomes in terms of the qualifications and skills gained, and, ultimately, achieve progression into employment.

Revisions to SFC's National Performance Measures

27. In 2014 SFC proposed changes to the funding system for colleges in relation to counting student activity and introducing a new pricing system. As part of the move to a new funding system, in AY 2015-16, activity will be counted in credits as opposed to SUMs/WSUMs[3]. Therefore measures previously using SUMs now use credits.

28. Alongside the move from SUMs to credits there are some revisions to the National Performance Measures following feedback from the sector and a review of the measures. We are also in the process of refining measures specifically for DYW. Table 4 on page 42, provides further detail on the changes and table 5 (page 43) lists the new measures for AY 2016-17. In summary:

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[3] SUM – Student Unit of Measurement / WSUM – Weighted Student Unit of Measurement

- A Schools for Higher Education Programme (SHEP) measure will be used to capture college HE activity as well as university entrants (measure 9)
- New school-college measures have been introduced to capture the volume of activity delivered as part of Senior Phase Vocational Pathways (measure 16 and 17)
- There are some new measures in development – the developed workforce measure for work placements will be refined to align to the development of a new work placement standard for colleges; a gender measure will be developed to capture progress to reducing the most gender imbalanced subjects; a STEM definition will provide clarity on the full extent of STEM provision across college regions.

29. The school-college and developed workforce measures will evolve as the Government develops the national DYW programme in general in partnership with SFC and other bodies.

30. New measures to capture the volume of senior phase vocational pathway activity and learners have been developed (measure 16 and 17). These Senior Phase Vocational Cohort measures will be introduced in 2016-17 and refined for the next 3 year Outcome Agreement cycle.

31. A definition for college STEM provision is being finalised which will underpin the measure for STEM delivery. Once confirmed we will circulate an update to the technical guidance.

32. Following SFC's review of our Schools for Higher Education Programme (SHEP) we have introduced an additional access measure for colleges to cover progression from low progression schools covered by the Schools for Higher Education Programme (SHEP) to higher education. At present only universities have the measure documented in their Outcome Agreement meaning that any HE entry into college is not considered against the targets. To capture the full impact of this access initiative on HE progression from SHEP schools it was agreed that the SHEP measure should be included in both the college and university Outcome Agreements.

33. This year we have continued to develop the process of focusing funding on the areas with the highest need, taking into account demographic and economic need while providing stability.

34. For AY 2016-17, the Government has asked us to maintain our commitment to ensure that no region that is currently meeting its

activity target loses more than 1% of its funding year on year as part of changes related to needs-based funding.

35. SFC has been working with the principals / regional chairs in a working group on funding to develop a new simplified approach to funding colleges from 2015-16. The main elements are:

- The approach to needs-based funding is developing in tandem with the implementation of a new, simplified, more transparent system of funding colleges. The new system will be fully implemented in 2015-16. This will require Outcome Agreement managers to work in partnership with the executive's Funding Policy team, in particular to ensure that funding for students with additional support needs is properly targeted and flexible.

- On **needs-based funding**, we propose to build on the experience of the past few years and use a negotiation model rather than a formulaic allocation to determine any change in each region.

36. As we are unlikely to be making any significant redistribution of funding in the short term (unless any funds are released into the system as a result of redistribution elsewhere), we propose that our negotiations with colleges this coming year should focus on:

- Whether there are clear unmet needs which would require the region to reprioritise how it uses its resources in the short-medium term (evaluated with reference to Government priorities, and so it requires ongoing review as priorities evolve and change)

- How the region determines the shape of its curriculum (i.e. what set of principles does the region use to guide decision making at strategic level) and what evidence of need the region draws on in order to inform its strategic decision making

- What the evidence tells us about projected longer term changes in the demographic and economic needs of the region, and how the region may need to adapt to these and changes in the medium-longer term and what (if any) implications this would have for funding needs in the medium-long term.

37. This approach is consistent with the aim of supporting stability while continuing to support the implementation of *Putting Learners at the Centre*. This approach should also help to create much stronger evidence to support future decisions about where to target any additional, or

"freed up", funds that may be released into the system.

38. These negotiations will be supported by our ongoing work to develop the evidence base with Skills Development Scotland (SDS) and colleges. Through our 'demographic model' (which enables us to make some assessment of the relative need in each region and the impact on regions of changing Government priorities); RSAs and the refreshed underpinning data to be made available later this summer, which provide a wide range of demographic and economic evidence at regional level; region-specific evidence; and the national industry sector intelligence provided by SIPs.

39. We are undertaking a review of the, now separately allocated, Extended Learning Support funds which are worth approximately £50m to the sector. We want the Outcome Agreements to better reflect the use and impact of these funds and we are working with a college group to enable us to achieve that. This means we need to put interim steps in place to assure us of the use and impact of these funds until we have completed our more detailed review. We expect the findings of the detailed review to be implemented in the 2017-18 guidance.

40. We envisage over the period September to December 2015 that colleges will work with their Outcome Agreement manager to develop their Outcome Agreement. The Outcome Agreement manager can coordinate linkages with policy areas as required within SFC to ensure data and priority areas are accurately reflected within the Outcome Agreement. See Table 6 on page 46 for a list of key SFC Outcome Agreement and policy area contacts.

41. Following feedback from the sector and to assist with planning cycles we will now expect submission of a well developed draft of the Outcome Agreement by 8 December 2015 and the final agreement to be ready for sign-off by 29 February 2016.

42. We issued online surveys to College and University Principals and Outcome Agreement contacts in May 2015 seeking feedback on the 2015-16 Outcome Agreement process and how it can be developed further. Key findings from the survey are summarised in the table below.

Table 1: Key findings from college Outcome Agreement evaluation survey, May 2015

Links to online surveys were issued to College Principals and Outcome Agreement (OA) contacts in May 2015 seeking feedback on the 2015-16 Outcome Agreement process and how it could be developed further.

- 81.9% of college respondents rated their experience of the OA process this year as 'Good' 'Very good', or 'Fair'.
- 100% of college respondents rated their relationship with their SFC OA Manager/Team as 'Good' or 'Very good'. Descriptions of the relationships with OA Managers/ Teams were largely positive.
- Half of college respondents felt there were significant improvements to the OA process in the last year.
- 72.7% of college respondents rated the national measures used in Outcome Agreements as a 'Good' reflection of the priorities of the sector. All other respondents rated the measures as 'Fair'.
- The level of impact Outcome Agreements have had on institutions varied. The majority of college respondents (90.9%) reported the impact to be 'medium', 'high' or 'very high'.

Feedback on the Outcome Agreement process highlighted various minor issues, improvements or changes to the OA process for the forthcoming year and these have been considered by relevant teams in SFC and reflected in the guidance as appropriate. There were no major concerns raised. Therefore, the process for the forthcoming year remains similar to that in 2015-16.

The Outcome Agreement process

43. The Outcome Agreement process combines two elements:

     - A relationship with an Outcome Agreement manager who acts as a single point of contact for college regions, advocating on their behalf and supporting and challenging them to make the most effective contribution to Scottish Government priorities

     - Outcome Agreement reporting - the means by which SFC understands a college region's commitment to meeting Scottish Government priorities and the progress being made in return for financial investment.

44. On behalf of SFC, the Outcome Agreement manager leads on the development and negotiation of an Outcome Agreement with a college region.

45. The Outcome Agreement is a joint funding commitment, in which each college region sets out the:

     - Regional context within which a college region operates (for AY 2016-17 this has been expanded to include a regional plan to agree vocational pathways for Senior Phase learners and the college's contribution towards the implementation of DYW) see Annex D

     - Outcomes and outputs a college region will deliver, mindful of this regional context, in response to Scottish Government priorities. In most instances these outcomes/outputs will correspond to SFC's national performance measures. They will be expressed consistently to aid regional and national aggregation and be set-out to include reference to a baseline position, current progress and a future ambition or target for AY 2016-17.

46. Colleges should note that SFC and the Scottish Government are working to develop definitions and national measures of success for the implementation of activity to develop Scotland's young workforce for AY 2016-17 onwards.

47. Outcome Agreements should be precise documents, strategic in outlook and primarily made up of measurable outcomes and outputs. They are

not promotional documents and should not rely on references to external strategic documents when evidencing either context or progress.

Outcome Agreement process: Negotiation and engagement

48. To support the Outcome Agreement process, SFC has Outcome Agreement managers for each college region. They work with college regions to negotiate an Outcome Agreement and act as the first point of contact between a college region and SFC.

49. Outcome Agreement managers are expected to engage with a range of people across a college including with members of the SMT and those with a detailed understanding of the policies and processes under discussion. This breadth of engagement is intended to help develop relationships and build understanding between SFC and college regions.

50. As part of this engagement, it is the job of the Outcome Agreement manager to support and challenge college regions to help achieve Scottish Government priorities.

51. SFC expects college regions to work with key stakeholders to ensure their proposed outcomes are complementary to those sought by others, such as local authorities, CPPs, Skills Development Scotland (SDS), higher education institutions, employers, enterprise agencies and students' associations. Outcome Agreement managers will seek their views as part of the engagement process.

52. To build effective relationships and provide consistency of engagement, Outcome Agreement managers will discuss progress with college regions in three ways:

    - Firstly, the Outcome Agreement process, they will meet with colleges to discuss the Outcome Agreement process itself, which will include an initial discussion on interpreting this guidance. This will be followed by meetings to discuss the development, completion and submission of the Outcome Agreement.

    - Secondly, monitoring, SFC Outcome Agreement managers will engage with college regions to discuss progress. These discussions will focus on evidence of impact.

    - Thirdly, good practice, SFC wants to support colleges to work with others to support the development and dissemination of good

practice. For this reason, within each three-year cycle of Outcome Agreements, SFC will agree with the college sector, Education Scotland, Local Authorities and the College Development Network its priority areas for collaborative approaches. An Outcome Agreement manager will work with colleges to link the best practice back into improvements in outcomes. SFC will ensure these discussions align with and avoid duplication of Education Scotland Aspect Tasks and make maximum use of the expertise and resources within the College Development Network.

Strategic dialogue meetings

53. SFC recognises the potential complementarity that strategic dialogue meetings offer to the Outcome Agreement process and from February 2014 we introduced a new three-year cycle of meetings. The meetings enable a discussion between college regions and SFC board members and the Outcome Agreement manager on the progress with Outcome Agreements as well as other issues pertinent to a college region's Strategic Plan. This dialogue supports both SFC's understanding of regional context and a college region's progress in meeting Scottish Government priorities as well as a college region's understanding of SFC's strategic aims. It also provides an opportunity for college regions to demonstrate their impact and highlight their ambitions.

The Outcome Agreement process: Monitoring

54. The negotiation of the AY 2016-17 Outcome Agreements takes place at the same time as the consideration of progress and achievements with the AY 2014-15 agreements and the early progress of the AY 2015-16 agreements. The two processes overlap so that progress informs future target setting.

55. SFC will use the progress reporting to inform funding decisions, to aid negotiations over future Outcome Agreements, and to help inform national priorities and areas for collaboration. This process is described in more detail in Annex G.

56. While discussions over progress take place throughout the year, the monitoring process includes a number of key stages which are set out below.

Self-evaluation

57. Although Outcome Agreements are now three-yearly there is still a requirement for college regions to report on the funding received in the preceding academic year and submit an annual self-assessment report by the end of October each year. In addition to accounting for the funding, the reporting of progress at this time naturally supports a college region in refining its Outcome Agreement within the three-year cycle.

58. Outcome Agreement managers will meet with college regions to discuss this progress report as part of the process of consolidating or updating their three-year agreement. This will also help to inform SFC's understanding of sector-wide progress, which in turn will inform future SFC priorities.

59. This progress report sits alongside the annual report on institution-led review of quality and governing body statement of assurance, which is part of the quality assurance and enhancement requirements. We continue to expect these two reports to inform each other.

60. Further information on the self-evaluation report is contained at Annex B.

Ongoing monitoring

61. To assist with the monitoring of Outcome Agreements, we will continue to require college regions to provide quarterly data returns using the FES Online reporting system.

62. We will discuss the details of data collection with college MIS teams and the MIS Community of Practice.

63. The first data return will be required by the 13 November 2015, the second by 5 February 2016, the third by 8 July 2016 and the final return by 14 October 2016.

64. As is currently the case, in the autumn of each year, SFC will confirm the returns using the final end of session FES data.

Quality arrangements

65. Quality assurance and enhancement underpin the Outcome Agreement and remain continuing requirements and a condition of funding. The relevant requirements were set by SFC in SFC/13/2012 – SFC guidance to colleges on quality from August 2012 [4]. These arrangements enable SFC to discharge its statutory duty for the assessment and enhancement of quality.

66. SFC will continue to use intelligence from Education Scotland external evaluation activities, including SDS Education Scotland reviews of MA provision to identify progress in relation to high quality learning, learner engagement and quality culture in the Outcome Agreement process.

67. SFC has recognised that further work is required to integrate performance monitoring with Outcome Agreements and evaluations of the quality of learning and teaching and is working with the sector, Education Scotland and the Government to develop a new approach. Three action-learning pilots were set up during AY 2014-15 to investigate and develop new approaches. SFC will build on the early outcomes from the action-learning pilot work in AY 2015-16 to improve the integration of college self-evaluation and reporting on the quality of learning and teaching and college Outcome Agreements.

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[4] http://www.sfc.ac.uk/newsinformation/Circulars/2012/SFC1312.aspx

Outcome Agreement process: Outcome setting and funding

68. To manage progress toward achieving Government priorities, funding for colleges will be negotiated annually. Funding is on condition that an Outcome Agreement meets the required standard, particularly in terms of the:

    - Impact a college region will deliver

    - Ambitions and appropriateness of outcomes and outputs

    - Level of partnership support for its work.

69. The achievement of the aspirations set out within an Outcome Agreement is the responsibility of a college region and SFC has a role to play in supporting college regions in their progress.

70. We recognise that college regions are working alongside others in the achievement of outcomes and that some factors are outwith direct college control.

71. Future funding will be dependent upon delivery against outcomes, and negotiations in relation to past performance will be used to adjust funding.

72. Decisions to reduce funding would be proportionate and based on holistic considerations of a college region's performance rather than a mechanistic or formulaic reduction.

73. Progress and funding will be discussed with individual college regions. Each year as part of the monitoring of progress, SFC will use consistent measures to aggregate the impact of Outcome Agreements and will discuss this progress with the sector.

74. Further information on SFC's outcome-based funding decision making process is contained within Annex G.

Timeline

75. Negotiations over the content of the AY 2016-17 Outcome Agreement will start in September 2015.

76. Colleges should give SFC a well-developed draft by 8 December 2015. Your Outcome Agreement manager will discuss with you any updates and revisions to aspirations as you develop them.

77. Outcome Agreement managers will discuss potential amendments in December and January 2016 in the light of SFC sector-wide consideration of how well the Outcome Agreements address the Government's aspirations. The final Outcome Agreement should be submitted by 29 February 2016.

78. SFC will meet to approve Outcome Agreements and make indicative funding allocation decisions in January 2016. Allocations remain indicative at this time as the Scottish Government Budget will not be finalised until February.

79. Mindful of the fact that our final timeline will be influenced by a range of external factors outwith the control of SFC which will include the Scottish Government Spending Review, the indicative timeline is as follows:

Table 2: Outcome Agreement AY 2016-17 timeline

Activity	Deadline
Guidance updated and published	September 2015
Data sets for FE and HE released to institutions by SFC	September 2015
Self-evaluation progress report on 14-15 OA submitted	31 October 2015
First draft Outcome Agreement submitted	8 December 2015
Amendments	January 2016
Final Sign-off – funding	29 February 2016
Publication of Outcome Agreements	April 2016

The AY 2016-17 Outcome Agreement: priorities for updating

SFC priorities

80. The Scottish Government's post-16 education reform priorities are to: improve life chances; support jobs and growth; and ensure sustainable post-16 education. New priorities have been included for AY 2016-17 and beyond. Significantly, the Government has stated its intention to develop a world-class vocational education system. Scotland's Youth Employment Strategy has identified new priorities which are covered by SFC's strategic aims of access and developed workforce. We also want to better capture colleges' contribution towards carbon reduction.

81. The college sector will play a key role in delivering these new priorities (highlighted in bold below) and existing priorities; Outcome Agreements will be used to demonstrate the contribution made by each region and the sector as a whole.

Table 3: SFC's national priorities for AY 2016-17

SFC's Strategic Aim	Outcome Agreement Priorities
Efficient regional structures *To deliver efficient regional structures to meet the needs of the region.*	• Successful implementation of recent mergers • Good progress with structural change in regions that have not yet fully implemented change • Appropriate efficiency savings identified and applied as a result of mergers and other structural changes
High quality & efficient learning *To ensure that learner journeys are as short, efficient and effective as possible and that learners experience the highest quality of learning and teaching and achieve successful outcomes.*	• **Build on the early outcomes from the action-learning pilot work to improve the integration of college self-evaluation and reporting on the quality of learning and teaching and college Outcome Agreements.** • **Improvement in retention and the proportion of students, including protected characteristic groups, successfully completing qualifications** • Improvement in learner progression, in particular (but not only) from 'non-recognised qualifications' into work or certified learning • Employability of disabled learners
Access for people from the widest range of backgrounds	• **There should be demonstrable action to identify under-representation distinguished by socio-economic disadvantage and by protected characteristic, advanced by evidence of positive action to be taken to:**

To improve access to further and higher education for people from the widest possible range of backgrounds.	• **Increase (where under-represented) the participation of learners from all protected characteristic groups** • **Support for care experienced learners** • **Reduce gender disparities for learners within particular subject areas where they exist** • **Colleges are required to evidence how the needs of learners with profound and complex needs are met, and how meaningful learning is supporting progression and positive outcomes.** • **Improve the extent to which local as well as regional areas are served, particularly in relation to those from the 10% most deprived areas.** • **Consider measures for progression to HE courses from SHEP schools to HE-level courses** • **Colleges to reflect on their contribution to the National Ambition for Care Experienced Students** • Increase the number of students articulating to university with advanced standing • Increase the proportion of Credits delivered to learners from the 10% most deprived postcode areas • Ensure effective arrangements are in place to provide programmes geared towards improved employability for students with care experience
Right learning in the right place *To secure coherent provision of further and higher education in Scotland.*	• **To reflect on whether there are clear unmet needs within the region and how the region might need to reprioritise its existing resources in the short-medium term** • **Secure commitments which will ensure the ongoing sustainability, across the piece, of provision in English for Speakers of Other Languages.** • **Statement on steps being taken to grow the number of college leavers with practical foreign language skills** • College regions plan for and deliver their contributions to Opportunities for All[5] • Improve the range and spread of provision within and across each region, ensuring that provision (and infrastructure) is targeted towards the needs of the communities and

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[5] http://www.scotland.gov.uk/Publications/2012/11/7618

	• employers in the region • Ensure there is a coherent spread of national/specialist provision (i.e. provision which meets a need that is much wider than that of a single region) – including (but not only) land-based provision • Be more explicit about the contribution that each college makes to the National Gaelic Language Plan
A developed workforce *To provide learners with the skills and knowledge they need to get a job or get a better job, keep a job and develop a career.*	• **Monitor the nature and volume of activities as part of senior phase vocational pathways** • **Local authorities, schools and colleges to work in partnership to increase the range of high quality senior phase vocational pathways to employment and build on regional DYW plans** • **Local authorities, schools and colleges to assess and evidence STEM provision in their area and where appropriate, prioritise the development of relevant new vocational pathways in this area** • **Provide a baseline of current provision in relation to work placement and express ambitions for growth.** • **Detail the level and extent of employer engagement in course and curriculum design and delivery and the impact on college leaver employability.** • **Make more explicit responses to identified skills needs of employers by providing evidence of how SIPs, RSAs and other relevant Labour Market Intelligence (LMI) is utilised to inform the development of the curriculum offer.** • Further enhance employer engagement, with evidence of clear outcomes and alignment of provision to labour market need • Ensure all vocational courses include a significant element of relevant, high quality work experience • Contribute to the development and delivery of high quality MAs • To support the equality targets in DYW monitoring data on gender, disability and race in MAs where possible, at an early stage will support identification of under-representation to inform action.

	• Enhance colleges' engagement with learners particularly in terms of employability skills • Build capacity so that from spring 2016 all college regions will be able to report on the first destinations of full-time qualifiers

Sustainable institutions
 	
To secure, well-managed and financially and environmentally sustainable colleges.
	• **Colleges indicate how they intend to achieve their 2020 target for carbon reduction (colleges and HEIs)**
	• **Colleges contribute to the delivery of Climate Change (Scotland) Act 2009 targets for significantly reduced greenhouse gas emissions**
	• College regions comply with the terms of the Financial Memorandum (FM) with SFC. Key requirements of the FM include:
	    • Colleges and regional strategic bodies meet the principles of good governance set out in the Code of Good Governance for Scotland's Colleges
	    • College Boards have clear ownership of institutional sustainability and regional strategic bodies ensure colleges they fund are sustainable
	    • College regions explore and exploit opportunities to improve efficiency and effectiveness through collaborations and shared services

Equality and diversity (cross-cutting theme)	Equality and diversity should be considered in relation to all of SFC's priorities. Driving the equality agenda forward requires individual institutions to respond to the general and Scottish specific duties of the Equality Act (2010); including: • Mainstreaming of equality and diversity within the Outcome Agreement process. • The statutory requirement for equality impact assessments (EIA) includes Outcome Agreements. Information on the findings of the Outcome Agreement EIA, or indication of how the EIA will be undertaken in future, should also be provided. • Institutions are expected to demonstrate their commitment to upholding the legislative duties for both staff and students in colleges and universities, by embedding information relevant to SFC's priorities from their most recent Equality Outcomes and Mainstreaming reports (published in 2015) within their Outcome Agreement supported by data and consultation

	processes to evidence and address under-representation of protected characteristic groups to improve life chances for students and staff in colleges. **Students:** • Continue to address barriers to participation, retention and success by different groups of learners, from protected characteristic groups, areas of deprivation and care experienced where issues interact **Staff:** • We want to improve our understanding of college staff, management and governing bodies and request that colleges identify areas of under-representation and demonstrate measures that they are taking to address this **Students and staff:** • Work to improve data, and collection of information for all protected characteristics will provide an evidence base for action to advance equality and diversity • Promote a culture that supports disclosure of protected characteristics by students and staff

82. In delivering against these priorities SFC expects college regions to refresh their Outcome Agreements to address the following new priorities:

Developing the Young Workforce

83. Signalling the scale of its ambition in DYW: Scotland's Youth Employment Strategy, the Government has set a target to achieve a 40% reduction in youth unemployment by 2021, establishing Scotland as one of the top performing European youth labour markets.

84. While this work will extend across a wide range of organisations and sectors, colleges - as Scotland's primary providers of vocational education, will have a central role in supporting delivery of the national programme. We endorse the Commission's clear view that the recent progress made by colleges provides a strong platform for successful change and believe colleges are well placed to assume an even more prominent role in supporting the future success of the Scottish economy.

85. Such increased prominence will of course be reflected in new and stretching expectations of the sector – specifically in relation to vocational pathways and partnership with employers. In relation to the SFC strategic aims of access and developed workforce, we set out in this guidance the areas in which we expect colleges to continue to make a significant contribution in 2016-17, on the basis of detailed planning in previous years. And, in Annex D, we say more about the requirements of regional context statements.

Support and early adopters

86. We fully recognise the ambition, scale and complexity of the task, particularly at a time when the sector is consolidating many aspects of reform. SFC therefore has an important role in supporting implementation across the sector – regionally and nationally, working with Education Scotland and facilitating support from delivery partners such as the Colleges Development Network. As part of the Outcome Agreement process, we will discuss with colleges their support needs during our negotiations for AY 2016-17.

87. In AY 2014-15, we supported seven regions to demonstrate an early response to the Commission's interim report. This programme of work is referred to as the 'early adopters'. These regions and their early adopter projects will be a useful resource in supporting your implementation of the Commission's recommendations outlined in this guidance. An event held in Spring 2015, provided an opportunity for the colleges and their partners involved in the early adopter work to share their experiences and achievements to date with the rest of the sector. A final report (due by December 2015) will provide further insight into the learning from the early adopters. This together with information on current local partnership arrangements, will provide an indication of the readiness of colleges and their partners to meet key DYW milestones on senior phase vocational pathways.

Efficient and sustainable regional structures

88. In the period following the restructuring of the sector we focused on supporting colleges with the successful implementation of their mergers and the development of new multi-college regional structures. The early post-merger evaluations, undertaken 6 months after Vesting Day, identified areas for immediate action and the subsequent Education Scotland Reviews have further informed the merged colleges and SFC. The 2 year post merger evaluations should be complete by the end of AY 2015-16. The focus for AY 2016-17 will be to:

- Continue to support the successful implementation of mergers into the future

- Continue to support the embedding and success of the regional structures in multi-college regions

- Work collaboratively with colleges, regional strategic bodies and NUS Scotland to develop stronger and more effective College Students' Associations (in line with the Framework for the Development of Strong and Effective College Students' Associations in Scotland[6]).

Access for people from the widest range of backgrounds

89. 'Access to people from the widest range of backgrounds' remains a key priority for SFC. The sector's record in recruiting students from deprived backgrounds is strong and we want you to continue this record.

90. The Outcome Agreements should use the SFC baselines provided and be clear in describing the intended progress both in proportionate and absolute terms. This should include numbers and percentages and in all cases progress must be ambitious and achievable

91. Following SFC's review of our Schools for Higher Education Programme (SHEP) we have introduced an additional access measure for colleges to cover progression from low progression schools covered by the Schools for Higher Education Programme (SHEP) to higher education. The inclusion of the measure in college OAs will capture the full impact of the Schools for Higher Education Programme (SHEP) on HE progression from SHEP schools.

Post-16 Education (Scotland) Act 2013

92. The Post-16 Education (Scotland) Act 2013 places a number of statutory duties on SFC and on regional colleges and regional strategic bodies in relation to access to colleges and universities. These include provisions that mean we:

- Must have regard for the desirability of widening access for underrepresented socio-economic groups

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[6] [6] http://www.saframework.co.uk/

- Have a duty to define what underrepresented socio-economic groups are in the context of access

- Must make provision for triennial reviews of access that monitor access and make judgements about whether current rates and patterns of access are good enough. These reviews should also make recommendations for action that will improve rates and patterns.

93. Given the statutory nature of these provisions your Outcome Agreement should reflect the additional focus on access following the commencement of the Act.

94. We are working with the CoWA to ensure we respond to these new legislative duties in an aligned manner with the work of the Commission. We expect our approach to reinforce and strengthen our current approach to access, ensuring we build on the processes developed over previous years.

Equality and diversity

95. SFC wants to improve people's life chances by ensuring learners in Scotland, regardless of their background, are able to access the highest levels of educational provision and reach their full potential. This is in line with the commitments set out in SFC's equality outcomes and ambition published on our website[7]. Therefore, equality and diversity should be embedded throughout an Outcome Agreement and considered in relation to all of SFC's priorities. In accordance with the Equality Act (2010), College Mainstreaming and Equality Outcome reports were published in 2015, communicating each institution's mission for equality and diversity that will provide clear direction for the next two years. Institutions should use these reports to evidence through their Outcome Agreement a commitment to an evidenced approach to tackling areas of under-representation for staff and students.

- SFC funds the Equality Challenge Unit to support colleges and universities with this work.[8]

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[7] http://www.sfc.ac.uk/aboutus/our_conduct/Equality.aspx

[8] http://www.ecu.ac.uk/publications/embedding-equality-in-outcome-agreements/

- ECU provide specific information for colleges[9]

96. Our expectation is that colleges will consider whether there are any protected characteristic groups that are underrepresented in their student population – or on particular types of course – and set aspirations for improvement in representation. We do not expect that colleges set targets for every group.

Care Experienced

97. This group are under-represented in both sectors and have some of the worst educational outcomes. Working with agencies such as Who Cares? Scotland, CELCIS, NUS and others we have developed a national ambition to improve this position over the next three years. The national ambition for care experienced learners is provided in Annex H. The ambitions themselves focus on intake, successful completions (in the college sector) and retention (in the university sector). Overall they seek, in the period AY 2016-17 to AY 2018-19 to achieve a consistency with non care-experienced learners and they seek to increase the intake of care experienced students into colleges by 31% to 800 students and by 50% in the university sector which would increase the numbers to 400 students.

98. The national ambition compliments other work being undertaken to replace the Buttle UK Quality Mark. Together this work provides ambition, challenge and support.

99. This ambition links to both the Commission on Widening Access, which seeks to develop plans to help more students from disadvantaged backgrounds in Scotland to enter and succeed in higher education, and Key Performance indicator 11 in DYW - Scotland's Youth Employment Strategy which states that the Scottish Government will "increase positive destinations for looked after children by 4 percentage points per annum resulting in parity by 2021."

100. The Children and Young People's (Scotland) Act 2014 places duties on colleges and universities in relation to young people in care and care leavers. Outcome Agreements should contain an outline of the activity being undertaken to remove barriers to participation and to achieve successful outcomes among young people in care and care leavers, including activity under the Act.

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[9] http://www.ecu.ac.uk/the-equality-challenge/scottish-colleges-equality-challenges/

101. As highlighted last year, Buttle UK ceased their Quality Mark (QM) in summer 2015. We are working in liaison with Buttle UK to plan a legacy for the QM to ensure the progress made through it is embedded, and where possible strengthened, across the sectors. This legacy work will be undertaken with a range of stakeholders. More details, including on how we intend to share good practice will be provided in due course.

102. Outcome Agreements should outline the number of care experienced students currently on courses and colleges' work to identify and support them through the full student cycle (from pre-application through to successful outcome). It should also demonstrate any joint working with schools – mainstream, specialist and residential to ensure a successful transition for individuals within this group, how they are supported at college including what preventative measures are in place as a safety net to prevent drop out and pre-exit to enable successful progression to employment or other positive destinations.

103. The DYW Implementation plan for senior phase vocational pathways - covered in the regional context statement- should include reference to how the college can work with regional partners to support effective progression for care experienced.

Gender

104. The Scottish Government, through DYW, has set out its ambitions for colleges to address gender imbalances at subject level, within the following KPI to 'increase by 5 percentage points the minority gender share in each of the 10 largest and most imbalanced superclasses among 16-24 year olds by 2021'. As outlined in last year's guidance, SFC is developing a gender action plan in which we will outline the actions SFC will take to support colleges (and universities) to address gender imbalances at the student level. We have developed our vision, focus, understanding of approaches and activities currently in place and begun to consult with the sectors on what further actions are required to shift gender imbalances at a subject level, as well as to improve overall male engagement. We plan to publish the plan by the end of 2015. Whilst it will ultimately have a broader focus, our initial expectation for 2016-17 Outcome Agreements is to address gender imbalances amongst students. These expectations are outlined in Annex D (although there may be some additions to this as we develop the action plan).

105. We will also ask colleges to continue considering levels of provision for all cohorts of learners, particularly females.

106. Your Outcome Agreement manager will discuss this with you on a regional basis, for further detail on expectations relating to work on gender imbalance see Annex D.

Learners with Profound and complex needs

107. We are aware of a need to better define and understand the provision for those with profound and complex needs. This group of learners requires a specialist response within a college setting that recognises that profound and complex learners may be learning at SCQF level 1 (Access 1 Independent level) or, SCQF level 1 (Access 1 Supported level) with the complexity of a significant additional impairment. Not a homogeneous group, learners have a variety of impairments and may require extensive and tailored support to remove barriers to their learning. Colleges are required to evidence how the needs of learners with profound and complex needs are met and how meaningful learning is supporting progression.

108. A full definition and characteristics of the learner group and information on meaningful learning, expected outcomes and learner progression can be found at: http://www.scotlandscolleges.ac.uk/profound-and-complex-needs.html

109. SFC wants all colleges to work with partners within a region to ensure learners with profound and complex needs are able to participate in meaningful further education. It is particularly important for SFC and the college sector to be able to measure how many learners from this group we are supporting in the college sector, to outline what support we are giving and evidence the impact that support has in terms of outcomes and progression. Colleges should provide this information in their Outcome Agreement and Outcome Agreement managers will discuss this in their engagement with each college region.

110. Programmes for learners with profound and complex needs should contain formal recognition of achievement, which should be based on initial assessment, profiling and target setting.

Students with additional educational support needs

111. Our new Credit funding model no longer includes a weighting for Extended Learning Support (ELS) and there will be a separate premium to support students with additional educational needs. The AY 2015-16

credits guidance[10] provides further information on funding for additional educational needs including our expectation that each student should have a personal learning and support plan.

112. You should discuss with your Outcome Agreement manager how you intend to use this fund to support students with additional needs in your region. The intended outcomes for these funds should be clearly stated in your Outcome Agreement.

113. Colleges should ring fence these funds, unless otherwise agreed with their Outcome Agreement manager, and use them in accordance with the ELS guidelines as previously outlined in the SUMs guidance, this includes the requirements around student engagement and Personal Learning Support Plans.

114. Colleges should also ensure they can financially account for the funds allocated and they will be asked to evidence this.

115. Further updates on ELS and the review process will be provided later in the academic year.

High quality, efficient and effective learning

116. We propose to establish an expectation that, if we identify the need for an action plan to address institutional performance, the Outcome Agreement will be the vehicle through which we will monitor the agreed action plan. We will also develop joint working between Education Scotland and SFC to improve the coordination of support and challenge provided to the colleges, and analysis of intelligence.

117. We will build on the outcomes from the action-learning pilot work to improve the integration of college self-evaluation and reporting on the quality of learning and teaching and college Outcome Agreements, and to further develop the coordination of support and challenge by Education Scotland and SFC.

118. Outcome Agreement managers will ask all college regions to reflect on progress against their targets for 2016-17 for successful completion, with a view to refreshing these targets if new evidence suggests that is appropriate.

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[10]http://www.sfc.ac.uk/web/FILES/GUI_SFCGD102014_201415studentactivitydataguidanceforco/SFCGD102014_SUMs_Guidance_2014-15.pdf

Right learning right place

STEM

119. Education Working for All! concludes that an adequate supply of STEM skills is critical to growing Scotland's key economic sectors and that to secure this supply the number of young people achieving STEM qualifications should be increased. As a primary provider of STEM courses, colleges will clearly have a significant role to play in delivering this objective. We recommend that colleges use the information from SIPs and RSAs as well as their own engagements with local employers to assess the need for provision. Where there is an identified need they should expand STEM courses in their general provision and in developing new senior phase vocational pathways with local authorities they should prioritise STEM subjects.

120. To support the sector to target and expand STEM provision in a way that is coordinated and impactful, we will work with colleges and other partners to develop a STEM framework. The purpose of this will be to map how STEM is supported through the various SCQF levels, identifying any duplication, gaps or unmet need. Though planning is at an early stage, the intention is for this framework to be ready to inform the development of the 2016-17 Outcome Agreements.

Land-based Provision

121. The provision of land-based education and training does not fit well with the regional model, as it is delivered in part through both the regional college structures and in part by SRUC.

122. SRUC is a tertiary institution (offering qualifications from non-advanced level right through to degree level and beyond) and also provides for the needs of the land-based industries across Scotland as opposed to the wider education and training needs of a single region. Last year we asked SRUC to lead on the development of the national strategy.

123. A National Land-based Strategy Group will be established which can effectively take forward the recommendations of the report - National Strategy for Land Based Education and Training - to plan and implement future provision across Scotland. SRUC will co-ordinate this process, given its status as national provider. The National Land-based Strategy Group will agree a mechanism by which they will collaborate to ensure a

coherent spread of provision which meets the needs of the land-based industries in Scotland.

124. During the Outcome Agreement discussions institutions must review the regional distribution and demand for land-based courses and explore opportunities for collaborative growth or rationalisation with other colleges. SFC expects institutions to engage with the National Land-based Strategy Group to ensure a collective and cohesive approach to land-based education.

125. SRUC and the other land-based providers will be asked to provide details in their Outcome Agreements of the collaborative process and any subsequent impact on provision.

Gaelic

126. SFC is committed to supporting the development of the Gaelic language. Colleges play a role in supporting the language and we want to use Outcome Agreements to enhance this. Means of contributing to the aims of the National Gaelic Language Plan (NGLP), including maintenance and development of provision for Gaelic learners and for Gaelic speakers, should be considered by all colleges in relation to all the key themes of the Outcome Agreement.

127. The NGLP includes "strengthening the unique capacity in FE and HE to enrich the profile of Gaelic in Scotland" among its strategic priorities. Its overall purpose is to secure an increase in the number of people learning, speaking and using Gaelic in Scotland. SFC is committed to work with Bòrd na Gàidhlig on the implementation of the NGLP and, like several colleges, has its own Gaelic language plan (GLP) produced under the Gaelic Language (Scotland) Act 2005.

128. Outcome Agreements should include reference to the NGLP 2012-17[11]. College regions are asked to consider and provide undertakings on how they will protect and build on their Gaelic provision, including staff development and succession planning. We recognise that some colleges will have a far larger role to play in this than others. However, we expect all colleges to be able to demonstrate that they have examined evidence on Gaelic use and demand in their communities and considered the appropriate level of support for the language, including supporting its

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[11] http://www.gaidhlig.org.uk/bord/en/national-plan-for-gaelic/

use by their staff, students and others with whom they engage and including new provision to fill identified gaps.

Developing the Young Workforce

129. AY 2016-17 will be year three of the seven year plan to deliver DYW: Scotland's Youth Employment Strategy. This plan outlines what we need to achieve each year and what the key performance indicators are. For SFC our main, but not only, contribution towards this is to grow college provision for school pupils in the Senior Phase (to increase the numbers attaining a vocational qualification by the time they leave school – KPI 3 of the plan and to increase the gender share in the most imbalanced superclasses – KPI 8 of the plan). This will include delivery of foundation apprenticeships in collaboration with SDS.

130. This guidance for AY 2016-17 onwards will, again, be targeted to the Senior Phase and will focus on:

- Supporting the development of strategic partnerships between local authorities, schools and colleges
- Setting targets to overcome gender imbalances in the most gendered subject areas
- Introducing new approaches that allow more school pupils to begin a vocational pathway as part of their senior phase curriculum
- Achieving recognised qualifications
- Securing guaranteed progression seamlessly to further learning, training or work.

131. There are also commitments which colleges can directly contribute towards in relation to the employment rate of young disabled people and positive destinations for looked after children. It is also likely that KPI 4 of the plan which relates to the progression and positive destinations of young college students will become more prominent once the data is verified.

132. The level of commitment from colleges to DYW activity (as evidenced through the 2015-16 OAs) is impressive and we are confident of overall growth in this area beyond the activity delivered in 2013-14 and committed to, through the current Outcome Agreements for 2015-16. Colleges have outlined a commitment to gender but there is a need for a more focused approach to reduce significant subject imbalances as including within the Senior Phase cohort. This is covered by our work on a Gender Action Plan for both sectors which will be published by the end of 2015.

Developing the Young Workforce and Equality

133. DYW identifies young disabled people, care leavers and young people from black and ethnic minorities as groups who experience particular inequalities in vocational education and, subsequently, employment. As a consequence, they are significantly more likely to experience unemployment than their peers outwith these groups. As acknowledged elsewhere, colleges have a key role to play in delivering improvements – but they cannot do it alone. Colleges should outline how they will work with partners to increase participation of these and other equalities groups.

Senior Phase Vocational Pathways

134. One of the key themes of DYW: Scotland's Youth Employment Strategy is that schools and colleges work in partnership to develop new vocational pathways, creating opportunities for all young people in the senior phase to study vocational qualifications alongside other learning. Consistent with college reform objectives, these pathways should focus on labour market need; prioritise STEM subjects if there is an identified skills gap in the region; and be developed in a way that achieves gender balance and supports key equality groups. The development, delivery and upscaling of effective pathways should feature prominently in Outcome Agreements, along with colleges' responsibility for enhancing the quality of such new pathways as well as wider vocational education.

135. Although work of this kind is not new to colleges and significant progress has been made in 2014-15 and is planned for 2015-16, establishing vocational pathways of this kind as a mainstream option represents a step change in both the scale and scope of activity as well as the nature of its delivery. Successful planning and delivery will therefore demand partnerships between colleges, schools, local authorities and employers of a higher order. We support the scale of the Government's ambition, and will enhance the Outcome Agreement measures to ensure these align to national expectations and provide robust evidence of the sector's contribution and progress.

136. In support of the SFC/SDS Joint Framework for Action, to deliver the Scottish Government's Youth Employment Strategy, colleges will have a key role in delivering the introduction and scaling of the Foundation Apprenticeship for senior phase pupils. We expect college regions to develop appropriate plans for their aspirations in this area in the context of their broader senior phase vocational pathways offer.

Employer Engagement

137. Previous Outcome Agreements have not always demonstrated the extent and effect of employer engagement in course and curriculum design and delivery. For 2016-17 college regions should provide detail of the level and scope of employer engagement within curriculum areas and outline how this engagement impacts on student experience and employability.

138. Post-16 reform has seen a significant expansion of college-employer collaboration. The Commission's report seeks to take this good work to the next level, by recommending that colleges' "primary focus" should be employability and that, provision is demonstrably tailored to specific labour market needs. It also places a reciprocal onus on employers, industry/business groups and community planning partners to work with colleges at regional and local levels to achieve this.

139. At national level, the Government is supporting the development of industry-led 'DYW' groups across Scotland which will have a lead role in facilitating effective engagement between education and employers. These new DYW regional groups are currently at different stages of development, but we expect colleges to have a role in supporting the formation and operation of these regional groups in a way that significantly enhances their current arrangements.

140. Progress on the development of effective partnerships with employers and industry/business groups will be monitored through Outcome Agreements. College performance will be judged substantially on the basis of student employment outcomes, reflecting the significantly increased focus of colleges on employability.

Work Experience

141. The Commission suggested that a principal means of aligning provision with labour market need is to ensure all vocational courses, including those delivered in the senior phase, comprise a significant element of relevant, high quality work experience or work simulation. It also highlights the potential of work experience to help address inequalities in vocational education and employment. SFC, therefore, expects colleges, in partnership with schools as appropriate, to ensure all vocational provision includes such work experience or work simulation, addresses gender imbalance and prioritises young disabled people and others who experience inequalities.

142. Although work experience already forms part of many courses, this again represents a significant scaling up of activity. We expect colleges to play a central role in co-ordinating such opportunities, and in expanding their availability and enhancing their quality. But there is also a clear onus on local authorities and schools as well as industry and business to play its part and the new 'DYW' groups are expected to support such expansion.

143. To ensure consistency across vocational education, a 'modern standard', for the content and quality of college work experience will be developed collaboratively with the sector.

144. SFC has included "work experience" course and unit indicators to FES to begin to collect and measure "work experience" activity.

Modern Apprenticeships

145. MAs are a key vehicle for effective workforce development. The recent announcement to increase the number of MAs to 30,000 by 2020 highlights the potential for colleges to make a greater contribution to the development and delivery of high quality MAs and for MAs to form a key part of the overall measurement of colleges' performance. Continuing improvement of quality and flexibility around delivery are key to colleges wishing to increase activity in this area.

Employability

146. In order to respond to the Scottish Government's priorities of 'improved life chances' and 'jobs and growth', SFC wants college regions to support unemployed people to develop employability skills to enable them to get a job, keep a job and or train for a career. In particular, SFC wants all

college regions to set out in their Outcome Agreement their plans in relation to employability provision.

147. SFC expects colleges to demonstrate that their employability offer is aligned to the Strategic Skills Pipeline, responds to the needs of local employability partners and retains a strong focus on positive outcomes. Annex F describes this in more detail.

European Social Funds

148. SFC will be managing a new national European Social Fund (ESF) project from AY 2015-16 as part of the new 2014-20 programme. SFC is looking to align timescales for planning this activity with the Outcome Agreement process.

149. For the initial 3 year period of 2015-16 to 2017-18 this covers two strategic interventions:

- 'Youth Employment Initiative' for colleges in South West Scotland
- 'Developing Scotland's Workforce' for Lowlands and Uplands Scotland (LUPS) colleges and the Highlands & Islands (transitional funding).

150. Subject to the timing for approval of the Operational Programme for ESF, we propose to incorporate ESF outcomes into regional Outcome Agreements from 2016-17. This means that Outcome Agreement managers will discuss each region's plans for the use of their additional ESF activity in the context of the negotiations about how they will use their core activity – allowing colleges to plan additional ESF activity at the same time as core provision and bringing about greater coherence in the use of funds.

151. We expect each college region to liaise and work with their local Community Planning Partnerships (CPPs) to ensure that college planned ESF activity supports, and is complimentary to, CPP activity and is aligned with its Outcome Agreement, particularly the regional context statement. This will be an annual process.

Alignment with Single Outcome Agreement reporting

152. SFC expects colleges to make an effective contribution to community planning. Ideally, this includes having senior decision-makers actively participating at a strategic level in relevant CPPs.

153. SFC wants Outcome Agreements to demonstrate that colleges are informing the development of, and contributing effectively to, the delivery of Single Outcome Agreements (SOAs). Annex C describes this in more detail.

Student engagement in the development of Outcome Agreements

154. Consistent with the approach to student engagement in quality, SFC expects colleges to show evidence of how the outcomes within the Outcome Agreements have been developed and discussed with the students' association. Where it is appropriate to do so, SFC will meet with students and appropriate representatives of the students' association of each college region to discuss engagement and their views on the content of the agreement.

155. In response to the emphasis placed by the Cabinet Secretary for Education and Lifelong Learning on the development of strengthened students' associations, SFC, in partnership with NUS (Scotland), Scottish Government, Colleges Scotland and other stakeholders, has developed the Framework for the Development of Strong and Effective College Students' Associations in Scotland. The Framework is based on five principles – autonomous, partnered, accountable, representative and sustainable. It and its associated toolkit includes good practice for the engagement of students on developing Outcome Agreements and we recommend that it is used to guide collaboration.

156. Outcome Agreements should provide detail of how the Framework is being implemented, including through ensuring that students' associations are adequately funded.

Sustainable institutions

Carbon reduction

157. The Scottish Government has set clear and ambitious targets for greenhouse gas emissions reductions in the Climate Change (Scotland) Act 2009. Colleges have made commitments towards these targets, in the form of the Universities and Colleges Climate Commitment for Scotland. The Government will introduce mandatory reporting on climate change for public bodies (including colleges) from 2016.

158. The Scottish Government has also indicated that it expects SFC to play a role in making further progress to reduce the carbon footprint of both

sectors. The Outcome Agreement guidance for 2014-15 included a measure for carbon footprint, but it did not give high priority to this in terms of the negotiations.

159. We now have a sectoral baseline for colleges. From 2015-16 we will work with EAUC and Resource Efficient Scotland to help the college regions develop their own carbon management plans, including setting projected targets. We will review regional targets for 2016-17 onwards and take a view on whether – at the regional and the sectoral level – these are sufficient.

Financial sustainability

160. In 2015-16, we discontinued a set of performance measures for both sectors to monitor financial sustainability. Instead we asked institutions to include, in their Outcome Agreement, a statement that they have complied with all the terms of the new Financial Memorandum with colleges and HEIs.

161. Should our Learning, Governance and Sustainability team within SFC raise any serious concerns about any institution, these concerns will be addressed by that team and the relevant Outcome Agreement manager will be kept fully informed.

162. Where there are any identified institutional weaknesses or failures, the Outcome Agreement should reflect an action plan to correct these areas.

Outcome Agreement process: Reporting

Outcome progress table

163. We want to be able to report on the impact promised in Outcome Agreements and later the impact delivered by the Scottish college sector. We need consistency in the way this is evidenced to demonstrate and talk about the impact the college sector will make at a national level.

164. To achieve consistency, we have asked all college regions to report on progress against the priorities set out above using SFC's national performance measures. (Colleges should supplement these with other, more localised evidence where appropriate.) These measures, set out in Table 4 below, were originally developed by the college thematic groups and were slightly refined for AY 2015-16 based on experience and feedback from the evaluation of the AY 2014-15 Outcome Agreement process.

165. To make it easier for college regions to report on progress, we have provided an outcome progress table (see Annex D). By populating this table and including it within their Outcome Agreement, college regions can report consistently their baseline position, progress and (where relevant) their aspiration for each of SFC's national performance measures.

166. Colleges may also add to the table any other regional measures that a region wishes to capture, including those measures where we do not have consistent national data. The information shown in this table should be interpreted through the regional context statement.

167. We expect regions to set out their aspirations against every measure. This enables us to establish the overall level of aspiration at national level.

168. Most regions have expressed these aspirations in their 2014-15 Outcome Agreements (based on the three-year horizon, i.e. to 2016-17). Where this is the case, we simply ask that regions identify any changes to these aspirations (for example, in light of changes in the environment or more recent evidence of progress). If these aspirations were not set out previously, we ask regions to include them in the 2016-17 Outcome Agreement.

Revisions to SFC's National Performance Measures

169. **Table 4** below shows what revisions have been made to the 2015-16 Outcome Agreement measures for the 2016-17 Outcome Agreements and Table 5 lists the new measures for AY 2016-17. In summary:

- The Schools for Higher Education Programme (SHEP) measure will be used to capture college HN entrants as well as university entrants – measure 9.

- Introduced a new measure to capture the volume of learners enrolled on STEM courses (measure 10 - definition to be confirmed).

- Amended the name of measure 15 and updated the definition of a qualifier for measure 13.

- New school-college measures have been introduced to capture the volume of activity delivered as part of Senior Phase Vocational Pathways (measure 16 and 17).

170. It is important to note that the developed workforce measures alongside school-college measures will be revisited and reworked as the Government develops the DYW programme in partnership with SFC and other bodies. From 2017-18 we expect to move to measuring school-college attainment as well as volume.

171. The measure description in Table 5 now makes it clear for which measures SFC expects regions to set their aspirations in terms of volume and proportions. The volume figure is required to enable SFC to aggregate the regional aspirations to obtain the aspiration for the sector.

172. Technical guidance for each of the measures is contained in Annex E. As before, SFC will also provide college regions with up to date data against each of the progress measures for which data is held centrally.

173. SFC remains committed to keeping the number of national measures tightly controlled and will continue to work with the sector to improve the existing list of measures, replacing, where possible, existing ones rather than adding to the total.

College Leaver Destination Survey

174. Further to the first full survey for College Leaver Destinations (CLD) for all full-time qualifiers from session 2013-14, we will expect to discuss college regions' ambitions with respect to learner destinations as part of the Outcome Agreement process, and we will monitor progress from the 2013-14 baseline data on an annual basis in the same way that we do for other key measures.

175. SFC will continue to work with other agencies such as SDS and SAAS to increase the data linkage to existing datasets to reduce the collection burden on colleges and to further assure the quality of the data. We issue specific guidance annually to support the CLD survey collection in September.

Student satisfaction and engagement

176. Recognising the need to develop the evidence base for student satisfaction and engagement, working with colleges, NUS, sparqs, Scottish Government and other relevant agencies, SFC established a

working group to develop a survey which would offer a set of measures of student satisfaction and engagement. A pre-pilot survey was conducted by 16 colleges in May 2015. Learning from this exercise will be shared with the sector at an event in September 2015.

177. The intention is to pilot a sector wide survey in 2015-16 to establish baselines. Following discussion with the working group, further guidance on the sector-wide survey will follow by the end of 2015. In future we will expect to discuss college regions' ambitions with respect to student satisfaction and engagement as part of the Outcome Agreement process, and we will monitor progress on an annual basis.

SFC's National Performance Measures

Table 4: Revisions to the 2015-16 National Performance Measures for 2016-17

Revision made for 2016-17 Outcome Agreement Measures		Revision made
SFC Priority - Efficiency and Sustainability		
Measure 1	Gross carbon footprint (3 year period)	-
SFC Priority - Right learning in the right place		
Measure 2	Credits delivered	-
Measure 3	Volume and Proportion of Credits delivered to learners aged 16-19 and 20-24	-
Measure 4	Volume and Proportion of Credits delivered to full-time learners aged 16-19 and 20-24	-
Measure 5	Volume and proportion of Credits delivered to learners in the most deprived 10% postcode areas	-
Measure 6	The volume and proportion of Credits relating to learners from different protected characteristic groups and care leavers (where data is available)	-
Measure 7	The volume and proportion of Credits relating to learners with profound and complex needs enrolled on courses involving formal recognition of achievement	-
Measure 8	Volume and proportion of Credits delivered to learners at S3 and above as part of 'school-college' provision	-
Measure 9	Volume and proportion of Credits delivered at HE level to learners from SHEP schools (i.e. Secondary schools with consistently low rates of progression to higher education)	*New measure*
Measure 10	Volume and Proportion of Credits delivered to learners enrolled on STEM courses (TBC)	*New measure*
SFC Priority - High quality learning		
Measure 11	Proportion of enrolled learners successfully achieving a recognised qualification	-
Measure 12	The number and proportion of successful learners who have achieved HNC or HND qualifications articulating to degree level courses with advanced standing	-
Measure 13	The number and proportion of full-time college qualifiers in work, training and/or further study 3-6 months after qualifying	Updated the definition of a qualifier
SFC Priority - A developed workforce		
Measure 14	The number of starts for direct contracted apprenticeships (e.g. in construction)	-
Measure 15	Number of full-time learners with substantial "work experience" as part of their programme of study	Amended name of measure
Measure 16	Number of senior phase pupils studying vocational qualifications delivered by colleges	*New measure*
Measure 17	Volume and proportion of credits delivered to senior phase pupils studying vocational qualifications delivered by colleges	*New measure*

Table 5: SFC's National Performance Measures for 2016-17

SFC Priority - Efficiency and Sustainability	
Measure 1	Gross carbon footprint (3 year period)
SFC Priority - Right learning in the right place	
Measure 2 *	Credits delivered
Measure 3	Volume and Proportion of Credits delivered to learners aged 16-19 and 20-24
Measure 4	Volume and Proportion of Credits delivered to full-time learners aged 16-19 and 20-24
Measure 5 *	Volume and proportion of Credits delivered to learners in the most deprived 10% postcode areas
Measure 6	The volume and proportion of Credits relating to learners from different protected characteristic groups and care leavers (where data is available)
Measure 7	The volume and proportion of Credits relating to learners with profound and complex needs enrolled on courses involving formal recognition of achievement
Measure 8	Volume and proportion of Credits delivered to learners at S3 and above as part of 'school-college' provision
Measure 9	Volume and proportion of Credits delivered at HE level to learners from SHWP schools (i.e. Secondary schools with consistently low rates of progression to higher education)
Measure 10	Volume and proportion of Credits delivered to learners enrolled on STEM courses (TBC)
SFC Priority - High quality learning	
Measure 11 *	Proportion of enrolled students successfully achieving a recognised qualification
Measure 12 *	The number and proportion of successful learners who have achieved HNC or HND qualifications articulating to degree level courses with advanced standing
Measure 13 *	The number and proportion of full-time college qualifiers in work, training and/or further study 3-6 months after qualifying
SFC Priority - A developed workforce	
Measure 14	The number of starts for direct contracted apprenticeships (e.g. in construction)
Measure 15	Number of full-time learners with substantial "work experience" as part of their programme of study
Measure 16	Number of senior phase age pupils studying vocational qualifications delivered by colleges
Measure 17	Volume and proportion of Credits delivered to senior phase age pupils studying vocational qualifications delivered by colleges

Measures shaded above and marked with * are key national priorities

Table 6: SFC Outcome Agreement and policy area contacts

Region / college	Outcome Agreement Manager/Policy Lead	Alternative contact
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