

## SFC Board minutes

The 127th meeting of the Scottish Further and Higher Education Funding Council Board was held on Thursday 2 September 2021 at 10.00am, by video-conferencing.

**Present:** Mike Cantlay (Chair)  
Karen Watt (Chief Executive)  
Douglas Mundie (Deputy Chair)  
Sheila Duncan  
Mhairi Harrington  
Lorna Jack  
Professor Ewart Keep  
David Alexander  
Dr Paul Little  
Professor Peter Mathieson  
Professor Irene McAra-McWilliam  
Dr Veena O'Halloran  
Caroline Stuart  
Professor John Wallace  
Professor Lesley Yellowlees

**Scottish Government:** Dr Linda Pooley

**Observers:** Robin Lee (staff observer)  
David Blaney (HEFCW)  
David Sweeney (UKRI)  
Gordon Smail (Audit Scotland) (items 21/64 – 21/65)  
Hugh Hall (Fife College) (item 21/63)  
Martin Kirkwood (Fife College) (item 21/63)

**Officers:** Martin Boyle  
James Dunphy  
Lorna MacDonald  
Lynne Raeside (Secretary)  
Tiffany Ritchie  
Angela Seymour (Clerk)

Morag Campbell (item 21/60)

Rufus Logan (item 21/63)

Steve McDonald (item 21/62)

Claire McPherson (item 21/59)

**Apologies:**

Andy Kerr

Matt Crilly (President of NUS (Scotland))

Stuart Fancey

**21/53 Welcome**

The Chair welcomed all Board members, Robin Lee, the new staff observer, and noted Hugh Hall and Martin Kirkwood of Fife College, and Gordon Smail of Audit Scotland would be joining during the meeting. The Chair noted it was both Douglas Mundie's and Lorna MacDonald's last meeting and thanked them for their contribution.

**21/54 Chair's business: declarations of interest**

The Chair reminded Board members of their responsibility to indicate if they had, or may be perceived to have, a conflict of interest under any item.

The following members noted a potential conflict of interest:

- Douglas Mundie in relation to the University of St Andrews and the Institute of Directors.
- Professor Ewart Keep in relation to his role as an Associate Fellow of the Scottish Centre for Employment Research, University of Strathclyde and Glasgow City College.
- Professor Irene McAra-McWilliam in relation to Glasgow School of Art.
- Professor Peter Mathieson in relation to the University of Edinburgh and Newbattle Abbey College.
- Dr Veena O'Halloran in relation to the University of Strathclyde.
- Professor Lesley Yellowlees in relation to Edinburgh Napier

University.

- Professor John Wallace in relation to the University of St Andrews.

**21/55 Minute of the 24 June 2021 meeting (SFC/21/Min03)**

The minute of the 24 June 2021 meeting was confirmed as a true record of the meeting.

**21/56 Action Tracker (SFC/21/37)**

The Board received an update on the actions from previous meetings and noted that:

- The Outcome Agreement guidance was published week commencing 30 August 2021.

**21/57 Chief Executive's Report (SFC/21/38)**

The Board received and noted a paper providing a report from the Chief Executive updating on: current issues; SFC resources; COVID 19; and sector engagement.

In discussion the Board:

- Was reassured by the steps being taken to address resourcing issues.
- Noted the fragility of the COVID environment which could impact on the plans for the phased re-opening of the office and return to campus.
- Noted their wish to engage with institutions and requested further consideration be given to a Board member engagement strategy.

**21/58 Scottish Government Letter of Guidance (SFC21/39)**

The Board received and noted a copy of the Letter of Guidance received from the Minister, Jamie Hepburn.

In discussion the Board:

- Noted the significance of the more strategic nature of the new guidance.
- Noted the new areas included in the letter and the emphasis on:
  - Tracking institutions' adoption of Fair Work First principles.

- Community learning and development.
- Recognised the need for SFC to continue to be responsive in the face of changing circumstances.
- Acknowledged further guidance may be issued to take account of the new Programme for Government and to reflect any changing, emerging or new priorities.

**21/59 SFC Review – Response and implementation (SFC21/40)**

The Board received and noted a paper setting out the activity our approach to implementation and the proposed timetable for a Ministerial response.

The Board welcomed the progress being made and covered the following matters in discussion:

- Noted that the full implementation plan would be finalised subject to the Ministerial response.
- Noted the need to ensure that the SFC was properly resourced to be able to deliver the outcomes of the Review.
- Noted the need to evaluate the outcomes of the different strands of the Review.

**21/60 Research Excellence Framework, Research Excellence Grant and Research Postgraduate Grant (SFC21/41)**

The Board received a paper describing the work being undertaken to assess research excellence across UK higher education institutions, and the plans to incorporate these assessments into SFC’s Research Excellence Grant from academic year 2022-23.

In discussion, the Board:

- Noted current and planned work.
- Noted the tight timescales anticipated for AY2022-23 funding decisions.

**21/61 Development of SFC’s new strategic Framework 2022 - 25 (SFC21/42)**

The Board received a paper inviting it to consider a proposed timetable and arrangements for developing SFC’s next Strategic Framework.

In discussion, the Board:

- Welcomed the contextual information.

- Noted this will be discussed in more detail at the November Strategy meeting.

## **21/62 Cyber Security (SFC21/43)**

The Board received a paper giving an update on SFC's current position regarding cyber security, its ongoing and short-term plans to meet immediate challenges and its initial thinking towards a sustained and resilient cyber security ecosystem.

In discussion, the Board:

- Was reassured that the issue of cyber security was being addressed with immediate effect.
- Acknowledged that SFC's immediate priority was to address its own security risks.
- Welcomed the parallel work to review how we engage with the sector.
- Noted SFC has established an internal ICT Governance Board to address a range of ICT issues, including a key focus on cybersecurity.
- Recognised and supported a more sustained commitment towards investing in SFC's ICT needs for the future which included the need to remain cyber resilient in a rapidly evolving landscape of cyber threats.

## **21/63 Fife College Business Case (SFC/21/44)**

The Board received a paper seeking its approval to recommend to the Scottish Government that Fife College should progress with its full business case for a new Dunfermline campus, subject to satisfying SFC that the project is affordable within reasonable ongoing financial assumptions. Hugh Hall and Martin Kirkwood, Fife College, joined the meeting to outline the business case and answer Board members' questions. They left the meeting to allow the Board to discuss the business case and before the decision was taken.

The Chair of the Capital Decision Point Committee confirmed that this proposal had been scrutinised by that Committee and that they agreed with this recommendation.

After a full discussion the Board:

- Agreed to recommend to the Scottish Government that Fife College continue to progress up to Decision Point 4: Pre-construction assessment (signature & financial close) (DP4), and address the issues noted in this paper.

- Delegated authority to the Chief Executive to agree to the DP4 assessment and, subject to the project being affordable, make a recommendation to Ministers that the project is given approval to advance to the next stage – construction.

The following two paragraphs will be withheld from publication under The Freedom of Information (Scotland) Act 2002, Section 33: Commercial interest and the economy.

- Agreed to recommend to the Scottish Government that the College deliver the proposed 'Hybrid plus' low carbon solution at an estimated cost of £100 million to enable the College to achieve net zero emissions. SFC should seek approximately £10 million in addition to the agreed £90 million funding from Scottish Government to achieve this goal.
- Agreed to recommend to the Scottish Government that up to £2.3m is made available to the College as an advance during Financial Year (FY) 2021/22 to purchase the Media Space lease on the existing campus, part of which is to be used to prepare a Disposal Strategy for the existing campus, which together will maximise the proceeds of sale.

## **21/64 Audit and Compliance Committee Annual Report (SFC/21/45)**

The Chair of the Audit and Compliance Committee presented The Audit and Compliance Committee annual report to the Board.

The Board noted that:

- The Committee's Annual Report contained information on the main activities of the Committee, the results of its annual evaluation and a forward look to the priorities for the year ahead.
- The Committee had considered the SFC draft financial statements and the Annual Governance Statement, and agreed

that the Council's financial and other control systems had operated effectively during the year ended 31 March 2021.

- The Committee had also received a series of consistent strong reports on assurance and governance during the year and thanked SFC officers for their input and support.

**21/65 Scottish Further and Higher Education Funding Council draft annual report and accounts, year ended 31 March 2021 (SFC/21/46)**

The Board received SFC's draft audited annual report and accounts for the year ended 31 March 2021, the letter of representation and Audit Scotland's Annual Audit Report 2020-21.

The Board noted:

- That SFC's Audit and Compliance Committee had scrutinised the annual report and accounts in detail and had agreed that there were no matters in respect of audit or internal control that prevented approval of them.
- That the external auditors had indicated that they expected to give an unqualified opinion on the accounts.
- The draft 2020-21 Annual Audit Report, Audit Scotland's report summarising the findings from their 2020-21 audit of SFC.
- That the external auditors confirmed that SFC managed its finances extremely effectively and the systems of internal control had operated effectively in 2020-21.
- That annual consideration of accounting policies had taken place.

In discussion the Board acknowledged that, considering the ongoing COVID-19 situation, it had been a very positive, if challenging, process and resourcing issues were highlighted.

Members of the Audit and Compliance Committee, Finance Committee and the Audit Scotland representative commended the Finance team for their work on the accounts, noting the pressures arising from the tight timetable.

The Council **agreed** to recommend approval of:

- The letter of representation to allow the Chief Executive to sign it; and
- The annual report and accounts for the year ended 31 March 2021 to allow the Chief Executive to sign them.



**21/66 Use of delegated authority (SFC/21/47)**

The Board noted the use of the Chief Executive's delegated authority from 9 June 2021 until 16 August 2021, under the Council's scheme of delegation.

After discussion the Board requested clarification to be provided post-meeting on the non-competitive action procurement for Glasgow Clyde College.

**21/67 Long-term agenda and future Board dates (SFC/21/48)**

The Board received a paper informing members of substantive agenda items proposed for future meetings.

The Chair noted that there might be a need to reschedule or add an additional meeting in 2022.

**21/68 Next meeting: 11/12 November 2021**