

Council meeting minutes

The 125th meeting of the Scottish Further and Higher Education Funding Council was held on Friday, 12 March 2021 at 10.00am, by video-conference.

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

Officers: Martin Boyle
James Dunphy
Martin Fairbairn (Secretary)
Dr Stuart Fancey
Lorna MacDonald
Lynne Raeside
Cath Carr

Observers: Helen Raftopoulos (union-nominated observer)
David Sweeney (UKRI/Research England)

Apologies: David Blaney (HEFCW)
Matt Crilly (President of NUS (Scotland))
Dr Linda Pooley (Scottish Government)

21/17 Welcome

The Chair welcomed all present.

21/18 Chair's business: Papers for discussion and declarations of interest

The Chair invited members to indicate if they wished to discuss any of the starred items on the agenda. The recommendations contained within papers SFC/21/16, SFC/21/17 and SFC/21/18 were **agreed** without discussion.

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

The following members declared an interest:

- Douglas Mundie in relation to the University of St Andrews and the Institute of Directors.
- David Alexander in relation to West College Scotland
- Professor Ewart Keep in relation to his role as an Associate Fellow of the Scottish Centre for Employment Research, University of Strathclyde.
- Andy Kerr in relation to South Lanarkshire College, New College Lanarkshire and the Scottish Government with respect to Fair Work.
- Mhairi Harrington, as Chair of the Adult Learning Strategic Forum Scotland.
- Dr Paul Little in relation to City of Glasgow College, Glasgow Colleges' Regional Board, Glasgow Chamber of Commerce, co-author of the Cumberland/Little Report, the Royal Society of Edinburgh and Vice-Chair of the college sector Employers' Association.
- Professor Peter Mathieson in relation to the University of Edinburgh and Newbattle Abbey College.
- Professor Irene McAra-McWilliam in relation to Glasgow School of Art and an Advisory Board of University of Edinburgh.
- Dr Veena O'Halloran in relation to the University of Strathclyde.
- Professor John Wallace in relation to University of St Andrews and the provision of occasional advice to the Royal Conservatoire of Scotland.
- Professor Lesley Yellowlees in relation to Edinburgh Napier University and the Royal Society of Edinburgh.

21/19 Minutes of the 4 February 2021 meeting (SFC/21/Min01)

The minute of the 4 February 2021 meeting was confirmed as a true record of the meeting.

21/20 Action Tracker (SFC/21/11)

The Council received an update on the actions from previous meetings of the Board.

21/21 Chief Executive's report: items for report (SFC/21/12)

The Council received a paper providing a report from the Chief Executive on current operational issues, including an update on the SFC Review and the new Skills Alignment Assurance Group.

In discussion the Council:

- Acknowledged SFC's achievement in being accredited with the Silver IiP award.
- Acknowledged the success of Scotland's Universities in the QS Rankings.
- Noted the cyber security issue and potential threat to Scotland's institutions.
- Noted that due to the lifting of COVID 19 restrictions, universities in England were opening up for face to face learning sooner than universities in Scotland and that there was therefore a need to ensure that people were aware that Scotland's universities were open for business.
- Recognised that multiple emergency years, due to the effects of COVID 19, would have a major impact on the sector.
- Acknowledged the significance of digital/online learning and welcomed discussion with the sector and enterprise partners about how it would operate going forward.
- Acknowledged progress with the SFC Review and that a key constraint in Phase 2 had been the capacity of stakeholders to engage given their priority to manage the impacts of lockdown from January onwards. The outputs of Phase 2 would be shared with board members during week commencing 22 March.
- Noted the update provided in the paper on the merger in Shetland and that the EIS had written to express strong concerns about the legal form of the new college, and that the executive would respond fully.

21/22

Additional university and college funding allocations for FY 2020-21 (SFC/21/13)

The Council received a paper seeking approval for funding allocations to be made within Financial Year 2020-21.

The Council **noted**:

- As part of a budget update statement on 16 February, the Scottish Government announced further 2020-21 non-recurring COVID-19 support. This included £60 million for further and higher education: £40 million resource funding to help colleges and universities maintain research activity, protect jobs and help students; and £20 million additional capital to boost research and knowledge exchange.
- The Scottish Government had previously announced on 26 January a £30 million package of support for students in hardship as a result of COVID-19: £20 million for students experiencing hardship; and £10 million for universities and colleges for income lost in providing rent rebates. The £10 million rent rebate funding has yet to be allocated and announced which was addressed as part of this funding allocation.

In its discussion, the Council noted:

- All the additional allocations were one-off funding settlements provided by the Scottish Government to ensure that institutions could deliver during the pandemic and therefore they could not be guaranteed in future years.
- The importance of the funding to ensure that institutions can deliver research for Scotland.
- Consideration should be given to including Net Zero conditions in the Conditions of Grant for future funding allocations.
- The short time period available to the executive to distribute the funds and for institutions to put plans in place for their use.

There was discussion concerning the announcement that just been made about reductions at UK-level in the Global Challenges Research Fund (GCRF):

- It was suggested that these proposed allocations could take account of the loss of income from the GCRF.

- However, it was noted that the board did not yet have full information about the nature of reductions or how the proposed allocations could be adjusted. Further, time was of the essence in order to ensure the available additional resources were distributed before the end of the financial year.
- The executive committed to examine the impact of the GCRF reductions urgently and advised that it would probably be possible to adopt suitable mitigating actions, including adjustments to the timing of existing grant profiles.

There was also discussion concerning the two options presented for the distribution of the additional £35 million to the university sector (the proposed option including a floor of £500,000 per institution and the alternative option not including a floor), based around the arguments set out in paragraph 22 of the paper.

Due to the specific conflict of interest arising from the two options presented in relation to the additional £35 million allocation to the university sector, the following board members left the meeting temporarily: Professor Peter Mathieson, Professor Irene McAra-McWilliam, Dr Veena O'Halloran and Professor Lesley Yellowlees.

The Council agreed that:

- £35 million be allocated to the university sector, with funding allocated in line with Option 2 (i.e. a 'base' allocation of £0.5 million with the balance allocated in proportion AY 2020-21 core grants for teaching, research and innovation).

The four board members returned to the meeting.

The Council also agreed that:

Allocation of additional £20 million capital for research and knowledge exchange

- An additional £20 million for research and knowledge exchange be allocated in proportion to individual universities' share of the sum of their AY 2020-21 core grants for research and innovation.

Allocation of additional funding to college sector

- £5 million be allocated to the college sector and distributed as part of an overall package of £15 million of additional funding in FY 2020-21; with funding allocated in proportion to AY 2020-21 core teaching grant allocations.

Allocation of addition £10 million for rent rebates

- The funding be allocated in proportion to individual institutions' income lost in 2020-21 providing rent rebates, less any related cost savings.

Additional university and college funding allocations for FY 2020-21

- Authority be delegated to the Chief Executive to finalise the funding allocations for publication, subject to the finalised allocations being materially consistent with the contents of the paper and the Council Board discussion.

Professor Peter Mathieson was not present for these decisions due to conflicts of interest but asked that his view be recorded that he felt the loss of income from the cut to GCRF should have been fully explored before the decision was made on the use of the additional funds.

21/23 *Indicative funding allocations for colleges for AY 2021-22 (SFC/21/14)*

The Council received a paper seeking approval for indicative budget plans and funding allocations for colleges in AY 2021-22.

The Council noted the funding would:

- Help to provide learning opportunities at a time of significant economic and social turmoil – in these emergency years, to sustain a pipeline of educated and skilled people who will be critical to our recovery and to upskill the existing workforce.
- Ensure students, who may be at risk of not completing their qualifications or failing to progress to further study or employment because of the practical or placement requirements in their courses during AY 2020-21, are supported to succeed.
- Support the financial sustainability and stability of colleges by providing a general uplift in teaching funding for AY 2021-22, alongside one-off funding for education and skills gaps in AY 2021-22.
- Protect and promote Foundation Apprenticeships, and for the first time deliver these opportunities through SFC's funding lines,

working closely with Skills Development Scotland and local authorities.

- Provide sufficient student support funding to meet demand and the needs of deferred students.
- Take into account the fact that many of the funds for 2021-22 are one-off funds that will not be available in AY 2022-23; and that we may need some contingency funding, given these uncertain times.

In discussion the Council noted:

- Contingency funding for student support over the summer was welcomed.
- Many of the funds for 2021-22 are one-off funds that may not be available in AY 2022-23.
- The importance of considering how to strategically invest in Digital.
- The need to focus on getting people into work, especially taking account of the employer relationship.
- Concerns about the continued low level of capital funding and the need for the Council to consider the implications strategically.

The Council agreed to:

- The proposed AY 2021-22 indicative college allocations outlined in the paper.
- Delegate authority to the Chief Executive to finalise the indicative college funding allocations for publication, subject to the finalised indicative allocations being materially consistent with the contents of the paper and the Council board discussion.
- Delegate authority to the Chief Executive to agree and announce any final adjustments prior to the start of AY 2021-22, subject to the final adjustments being materially consistent with the contents of the paper and the Council board discussion.

21/24

Indicative funding allocations for universities for AY 2021-22 (SFC/21/15)

The Council received a paper seeking approval for University funding allocations to be made within Financial Year 2021-22.

The Council noted the funding would:

- Provide additional funded places for Scottish students in order to support productive learning opportunities at a time of significant economic and social turmoil – in these emergency years, to sustain a pipeline of educated and skilled people who will be critical for our recovery, and to respond to increased demand from school leavers in the period 2020-22.
- Protect and promote the Graduate Apprenticeship programme, and for the first time deliver this programme through SFC's funding lines, working closely with Skills Development Scotland in this transitional year.
- Recognise the financial uncertainty and sustainability challenges facing the university sector by securing a general uplift in teaching grants for all universities. Given our collective national endeavour, we will expect universities to increase, or at least maintain, student intakes, particularly for school leavers.
- Secure wider socio-economic impacts through our widening access funding, our funding for small specialist institutions and our programmes for minority cohorts of students with particular needs.
- Move towards a fairer and more transparent methodology by abolishing the complex validation and threshold model, as part of the reforms outlined in our phase one Review report.
- Protect the university research base, including through a specific increase in research funding, but also, indirectly, through the increase in teaching grants, given the level cross-subsidisation within the higher education system.

In discussion, the Council noted:

- The funding would support sustainability of the universities.
- The allocation of additional student places in the university sector was a result of changes in the 2020 SQA examination arrangements.
- The funding for Graduate Apprenticeships was for one year only.

The council agreed to:

- The proposed AY 2021-22 indicative university allocations outlined in the paper.
- Delegate authority to the Chief Executive to finalise the indicative university funding allocations for publication, subject to the finalised indicative allocations being materially consistent with the contents of the paper and the Council board discussion.

- Delegate authority to the Chief Executive to agree and announce any final adjustments prior to the start of AY 2021-22, subject to the final adjustments being materially consistent with the contents of the paper and the Council board discussion.

21/25 Finance Committee minutes (SFC/21/16)

The Council noted the minutes of the Finance Committee held on 1 December 2020.

21/26 Remuneration Committee minutes (SFC/21/17)

The Council noted the minutes of the Remuneration Committee held on 3 December 2020.

21/27 Audit & Compliance Committee minutes (SFC/21/18)

The Council noted the minutes of the Audit and Compliance Committee held on 15 December 2020.

21/28 Long-term agenda (SFC/21/19)

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

21/29 Any other business (Oral)

There was no other formal business.

21/30 Next meeting: 6 May 2021