



The 112th meeting of the Scottish Further and Higher Education Funding Council was held on Thursday 25 April 2019 at 10.00am, at 99 Haymarket Terrace, Edinburgh.

- Present:**
- Mike Cantlay (Chair)
  - Karen Watt (Chief Executive)
  - David Alexander (items 19/21 to 19/28)
  - Mhairi Harrington
  - Paul Little (items 19/21 to 19/28)
  - Maggie Kinloch
  - Douglas Mundie (Deputy Chair)
  - Professor Sir Anton Muscatelli
  - Dr Keith Nicholson (items 19/21 to 19/35)
  - Dr Veena O'Halloran (items 19/27 to 19/44)
  - Caroline Stuart
  - Marlene Wood (Deputy Chair)
  - Professor Lesley Yellowlees (items 19/21 to 19/35)
- Officers:**
- Michael Cross
  - Martin Fairbairn (Secretary)
  - Dr Stuart Fancey
  - Martin Kirkwood (items 19/21 to 19/28)
  - John Kemp
  - Lorna MacDonald
  - Sheila Meehan (Clerk)
  - Lynne Raeside
  - Helen Raftopoulos (items 19/21 to 19/28)
  - Martin Smith
- Scottish Government:**
- Dr Linda Pooley
  - Danielle Hennessy
- Observers:**
- Liam McCabe (NUS Scotland) (items 19/25 to 19/44)
  - Eleanor Carrick (Women on Boards development programme)
  - Graham Boyle (Scottish Natural Heritage)
- Apologies:**
- David Blaney (HEFCW)
  - David Sweeney (UKRI/Research England)

**19/21 Welcome**

The Chair welcomed Danielle Hennessy and Linda Pooley of the Scottish Government and Eleanor Carrick of the Women on Boards development programme to the meeting.

**19/22 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/19/29 and SFC/19/31 to SFC/19/33 were **agreed** without discussion.

The Chair reminded Council 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 potential conflicts of interest:

- Anton Muscatelli for agenda items 7 and 8.
- Paul Little for agenda items 9 and 13.
- David Alexander for agenda items 5, 7 and 9.

**19/23 SFC's draft Strategic Framework (SFC/19/16)**

The Council received SFC's draft Strategic Framework.

In discussion on the Framework the Council noted:

- That the Council executive had worked closely with the other enterprise agencies to ensure that there was coherence between all of the strategic plans.
- The clear links to the National Performance Framework and the Enterprise and Skills Strategic Board's vision and missions.

The Council advised on amendments to the Framework including that:

- SFC's unique purpose, outcomes and impact should be clearly articulated.
- The measures used should anchor the long-term vision, and that key performance indicators (KPIs) should fit, as far as possible, with institutional KPIs.

The Council **agreed** to delegate authority to the Chair and Chief Executive to finalise the framework.

**19/24 Ayrshire College, Kilmarnock Campus (SFC/19/35)**

The Council received a tabled paper updating on Ayrshire College, Kilmarnock Campus.

The Council noted that:

- The result of an adjudication had gone against the College and that funding to settle that was due on 26 April 2019.
- The College did not have sufficient free resources to fund that payment.
- In the context of current pressures on all aspects of SFC's budgets, resourcing of the payment was challenging but affordable.
- Terms of the grant would include appropriate conditions.

The Council **agreed** to:

- Funding of £1,809,331 being provided to Ayrshire College for the purposes of settling the adjudication.
- Delegate authority to the Chief Executive to finalise the terms of the grant offer.

**19/25 University and college strategic funds (SFC/19/21)**

The Council received a paper on the university and college strategic funds.

In discussion the Council noted that:

- The Scottish Government would be publishing a medium term financial strategy and a Spending Review was likely to take place over the summer.
- SFC's Finance Committee had considered the options for 'Strategic Funds' and advised that a more fundamental examination of the Funds should take place.

In discussion the Council advised that the funds should be separated to describe their actual nature.

The Council **agreed** to:

- A more fundamental and radical review of grants under the generic heading of 'Strategic Funds' and report in the first instance to the Finance Committee.
- Re-classify the Disabled Student Premium as a core grant but continue to identify this as a specific funding stream within core teaching.
- Report grants under activity related budget headings, rather than the generic 'strategic fund' title.

**19/26 University Final Outcome Agreement funding allocations for AY 2019-20 (SFC/19/22)**

The Council received a paper setting out final budget plans and allocations for the university sector in 2019-20.

In discussion the Council noted that:

- The original version of the paper had been considered at Finance Committee on 16 April 2019 and that the paper provided to Council incorporated the Committee's views.
- Changes from the indicative funding allocations were highlighted, including confirming the repurposing of Taught Postgraduate Skills places. In most cases the allocation would be the same as the previous TPG allocation. However, the executive proposed to provide around £100,000 each to the very small number of institutions that this might apply to give those institutions the capacity to promote upskilling.

The Council **agreed** to:

- Approve the final university sector funding allocations for AY 2019-20.
- Delegate authority to the Chief Executive to finalise all of the funding allocation details and their announcement to the sector subject to:
  - The receipt of satisfactory university outcome agreements.
  - Confirmation of the budget in the draft or final 2019-20 Budget Allocation and Monitoring, Offer of Grant-in-Aid letter from the Scottish Government.

**19/27 College Final Outcome Agreement funding allocations for AY 2019-20 (SFC/19/23)**

The Council received a paper setting out final budget plans and allocations for the college sector in 2019-20.

In discussion the Council noted that:

- The original version of the paper had been considered at Finance Committee on 16 April 2019 and that the paper provided to Council incorporated the Committee's views.
- Changes from the indicative funding allocations were highlighted.

The Council **agreed** to:

- Approve the final college sector funding allocations for AY 2019-20.

- Delegate authority to the Chief Executive to finalise all of the funding allocation details and their announcement to the sector subject to:
  - The receipt of satisfactory college outcome agreements.
  - Confirmation of the budget in the draft or final 2019-20 Budget Allocation and Monitoring, Offer of Grant-in-Aid letter from the Scottish Government.

**19/28 Innovation Centre programme – phase 2 (SFC/19/24)**

The Council received a paper seeking approval of SFC’s contribution to the Digital Health and Care Institute (DHI) phase 2 business plan and to delegate authority to the Chief Executive to agree, with the funding partners, the final contractual arrangements.

In discussion the Council noted:

- That DHI’s focus had changed from its initial proposal, with different types of market activity being undertaken to those originally intended.
- That the main focus was now on the NHS as customer and the Scottish Government Health and Social Care Department (SGHSCD) would be providing £2.5 million to support core phase 2 costs.
- The future opportunities that DHI was involved in.
- That the longer term strategy for the innovation centre programme would be brought to the June Council meeting.

Veena O’Halloran temporarily left the meeting.

The Council **agreed** to approve SFC’s contribution to the DHI phase 2 business plan of £7.5 million for 5 years from AY 2018-19 and delegate authority to the Chief Executive to agree, with the funding partners, the final heads of terms and contractual arrangements.

Veena O’Halloran returned to the meeting.

**19/29 Minute of the 30 January 2019 meeting (SFC/19/Min01)**

The minute of the 30 January 2019 meeting was confirmed as a true record of the meeting.

**19/30 Action tracker (SFC/19/17)**

The Council received an update on the actions from previous meetings of the Board and noted progress on those actions.

In discussion the Council noted that the Accountable Officer point remained under review by the Scottish Government (SG) lawyers. Consideration would again be given, at a later date, to removing the item from the Action Tracker.

**19/31 Chair's report (SFC/19/18)**

The Council received and noted a paper providing a report from the Chair on his recent external engagements.

In discussion the Council noted:

- The Urgent Actions that had been undertaken by the Chair, following feedback from Finance Committee members, to:
  - Provide additional strategic funding to Ayrshire College and New College Lanarkshire.
  - Make adjustments to costs of national bargaining pay harmonisation for AY 2018-19.
  - Progress the revised application of college capital funding for 2019-20 which incorporated feedback from the college sector.
- That four Council members would be stepping down in October and that the appointment process for new members had begun.

The Council **agreed** to homologate the Urgent Actions taken by the Chair to:

- Approve strategic funding for Ayrshire College and New College Lanarkshire totalling £6.4 million.
- Make adjustments to the costs of national bargaining pay harmonisation for colleges in relation to AY 2018-19.
- The deployment of available capital funds; the preferred approach to allocation of backlog and lifecycle maintenance; and to delegate authority to the Chief Executive to finalise and publish the indicative allocations.

**19/32 SFC's Strategic Plan Performance Report and Risk Register (SFC/19/19)**

The Council received SFC's Strategic Plan Performance Report and a copy of the current Risk Register.

In discussion on the content of the Report the Council noted that:

- In the recent Times Higher University Impact rankings, which assess universities against the United Nations' Sustainable

Development Goals, four Scottish universities were ranked in the top 50.

- The Performance Report would be changing, to include tracking of future signals, and to take into account SFC's new Strategic Plan.
- SFC was working with SDS to identify areas of joint working in support of the alignment agenda.

The Council **agreed** with the Chief Executive's assessment that progress was on track.

### ***Risk Register***

In discussion the Council noted the current risks listed and their ratings and considered in greater detail the:

- Financial health of universities risk, and the impact of pension costs.
- Current impacts on internal capacity and resource.
- Cyber security risk, and the Scottish Government's cyber security framework and impacts for SFC.

### **19/33 Chief Executive's Report (SFC/19/20)**

The Council received and noted a paper providing a report from the Chief Executive on matters of current interest.

### **19/34 Lessons Learned Report (SFC/19/25)**

The Council received a paper informing on the 'Lessons Learned Review' conducted with Robert Gordon University.

In discussion the Council noted the recommendations, both for Robert Gordon University and the university sector in general, and the aim of openness and transparency.

### **19/35 Use of delegated authority (SFC/19/26)**

The Council received and noted a paper reporting on the Chief Executive's use of delegated authority during the period 17 November 2018 until 15 April 2019.

### **19/36 Council Governance (SFC/19/27)**

The Council received a paper considering several areas of corporate governance.

In discussion the Council noted the following proposals:

- Consolidation of the Learning Enhancement Committee and the Skills Committee.
- The addition of a 'staff governor', in an observer role, to the Council Board.
- The change to SFC's Capital Decision Point Committee Standing Orders.

The Council **agreed**:

- In principle, that the Learning Enhancement Committee and Skills Committee should be consolidated into a single committee.
- The Council executive considers how the specific arrangements for a 'staff governor' being nominated to attend Council board meetings as an observer can ensure the nominee is able to reflect the perspective of all staff, and that the Chief Executive is delegated authority to make the arrangements to invite SFC's recognised trade union to nominate a member to attend Council board meetings as an observer.
- To the amendment to the remit of the Capital Decision Point Committee.

**19/37 Access and Inclusion Committee minutes (SFC/19/28)**

The Council received the unconfirmed minutes of the Access and Inclusion Committee meeting of 26 February 2019.

**19/38 Audit and Compliance Committee minutes (SFC/19/29)**

The Council received the unconfirmed minutes of the Audit and Compliance Committee meeting of 27 March 2019.

**19/39 Finance Committee minutes (SFC/19/30)**

The Council received the unconfirmed minutes of the Finance Committee meetings of 14 March 2019 and 16 April 2019.

**19/40 Remuneration Committee minutes (SFC/19/31)**

The Council received the unconfirmed minutes of the Remuneration Committee meeting of 15 March 2019.



**19/41 Research and Knowledge Exchange Committee minutes (SFC/19/32)**

The Council received the unconfirmed minutes of the Research and Knowledge Exchange Committee meeting of 5 December 2018.

**19/42 Future SFC Board meeting dates 2020 (SFC/19/33)**

The Council received and **agreed** the schedule of Council meeting dates for 2020.

**19/43 Long-term agenda (SFC/19/34)**

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

The Council noted and **agreed** the proposed new cycle of business and workshop meetings.

**19/44 Next meeting: 25 June 2019**