



The 114th meeting of the Scottish Further and Higher Education Funding Council was held on Thursday 5 September 2019 at 10.00am, at 99 Haymarket Terrace, Edinburgh.

Present:

Mike Cantlay (Chair)
Karen Watt (Chief Executive)
David Alexander
Mhairi Harrington
Professor Maggie Kinloch
Dr Paul Little
Douglas Mundie (Deputy Chair)
Dr Veena O'Halloran
Caroline Stuart (items 19/70 to 19/86)
Marlene Wood (Deputy Chair)
Professor Lesley Yellowlees (items 19/70 to 19/78)

Officers:

Gary Bannon (items 19/70 to 19/76)
Morag Campbell (items 19/76 to 19/77)
Martin Fairbairn (Secretary)
Dr Stuart Fancey
Sinead Griffin
John Kemp
Sarah Kirkpatrick (items 19/77 to 19/78)
Robin Lee (items 19/70 to 19/76)
Lorna MacDonald
Hazel McGraw (items 19/76 to 19/77)
Sheila Meehan (Clerk)
Lynne Raeside
Maggie Wightman

Scottish

Government:

Dr Linda Pooley
Danielle Hennessy

Observers:

Andrew Youngson (union-nominated observer) (items 19/70 to 19/85)
Liam McCabe (President of NUS Scotland) (items 19/70 to 19/85)
David Blaney (HEFCW) (items 19/70 to 19/85)
David Sweeney (UKRI/Research England) (items 19/70 to

19/85)
David Robb (Student Awards Agency for Scotland) (items
19/76 to 19/85)
Kathy Patterson (Student Awards Agency for Scotland)
(items 19/70 to 19/85)

Apologies: Professor Sir Anton Muscatelli
Dr Keith Nicholson

19/70 Welcome

The Chair welcomed Dr Linda Pooley and Danielle Hennessy of the Scottish Government, Liam McCabe of NUS Scotland, David Sweeney of UKRI/Research England, David Blaney of HEFCW and David Robb and Kathy Patterson of the Student Awards Agency for Scotland to the meeting.

19/71 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/19/62, SFC/19/64 and SFC/19/65 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 member noted a potential conflict of interest:

- David Alexander in relation to West College Scotland.

19/72 Minute of the 25 June 2019 meeting (SFC/19/Min03)

The minute of the 25 June 2019 meeting was confirmed as a true record of the meeting.

19/73 Action tracker (SFC/19/56)

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

19/74 Chair's report (SFC/19/57)

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

In discussion the Council noted that the appointment process for new Board members was progressing and that interviews would take place in September.

19/75 Chief Executive's Report (SFC/19/58)

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

The Chief Executive confirmed that the Programme for Government had been published on 3 September 2019 and that SFC would have a role to play in some of the key themes, including the Future Skills Action Plan, Flexible Workforce Development Fund, responding to the climate emergency, and the possible development of a new Medical School.

19/76 Innovation Centre programme - Phase 2 (SFC/19/59)

The Council received a paper: seeking approval of SFC's contribution to the Stratified Medicine Scotland (SMS) phase 2 business plan and contribution to the Oil and Gas Innovation Centre (OGIC) phase 2 business plan; and updating on the ongoing development of the longer term vision and forward strategy for the Innovation Centre (IC) Programme.

Stratified Medicine Scotland (SMS)

In discussion on the proposal in relation to SMS funding, the Council noted:

- That SMS had been successful in relation to collaboration between industry, academia and clinical experts and in leveraging industry funding as well as in securing inward investment.
- The challenges that SMS had undergone in relation to staffing retention and the ensuing impacts on outputs.
- That SMS was the cornerstone of a bid to the Strength in Places Fund (with direct funding of £35.6m being sought from UKRI).
- A new monitoring and evaluation framework has been created to give consistent oversight of the metrics and inform on economic impact etc.

The Council advised that:

- The paper contained insufficient detail of the outputs from Phase 1 and that the objectives for Phase 2 should be more explicitly defined.
- Further assurance was necessary that the appropriate arrangements for governance and accountability would be in place.

Oil and Gas Innovation Centre (OGIC)

In discussion on the proposal in relation to OGIC funding, the Council noted:

- The progress of OGIC and the impact of the Oil and Gas Technology Centre (OGTC).
- The plans for merger, managed change and the timescales involved.
- That the aim was to recast two investments to one beacon centre with a strong low carbon contribution.

The Council advised that it would prefer a shorter timescale for the managed change process if possible.

In general discussion the Council advised that:

- A strategic overview of the ICs was required, to allow assessment of where each sits, as well as an assessment to ensure value for money and a strategic narrative of the investment from SFC.
- Evidence of engagement with colleges where appropriate was vital across the IC programme.

The Council **agreed**:

- To make the requested contribution to the SMS-IC Phase 2 business plan, dependent on the Council being satisfied with more detailed assurances on Phase 1 outputs, more explicitly-defined objectives for Phase 2 and governance of the IC. Recognising the need to finalise the arrangements as quickly as possible, the Council noted that it might be necessary to use the Urgent Action Procedure.
- To ask the Council executive to seek a shorter timescale for the managed merger process for OGIC and that the new proposal be brought to the November meeting of the Council for decision.
- That the longer term vision and forward strategy for the IC programme would be re-presented to the Board for fuller consideration at its December meeting, giving time to reflect inputs from several reviews including that of research pooling

by Professor Heathwaite.

The Council noted that the necessary Ministerial agreement was still to be secured for both of these investments.

19/77 Independent Review of SFC's Research Pooling Initiative (SFC/19/60)

The Chair welcomed Professor Louise Heathwaite to the meeting.

The Council received a paper providing the final report of Professor Heathwaite's independent review of SFC's research pooling initiative.

Professor Heathwaite informed the Board that:

- The Research Pooling Initiative (RPI) had received significant investment since its inception in 2005 with the current phase of research pooling funding ending in 2020.
- The RPI had built critical mass and research excellence in a number of disciplines important to Scotland's research base, but the UK research landscape was rapidly evolving and there were challenges that had to be considered going forward. The key messages of the report were:
 - The RPI had met its aims of growing critical mass and establishing a culture of collaboration.
 - Not all pools were equal, they had variable purposes and bespoke outcomes.
 - Change was needed to react to the changing environment.
 - The RPI can be repurposed to ensure that it continues to be fit for purpose.
- As a result, four recommendations emerged from the report:
 - A major investment at scale that builds on the collective critical mass of the RPI.
 - Direct financial underpinning of the existing pools by SFC should stop.
 - The international presence should be enhanced.
 - The research-innovation landscape should be reformed to reduce complexity and ensure alignment.
- As to lessons learned, it had been a challenge that measures of success had not been clarified at the outset.

In discussion the Council advised that:

- The Research and Knowledge Exchange Committee had given its unanimous support for the report and its findings and was eager to reflect and provide suggestions to the Board on

taking forward the recommendations.

- More college involvement was needed, as well as scenario planning with the research and innovation communities to shape out cross-society challenges.
- Consideration should be given to creative arts and social science clusters when looking at collaboration across the research sphere.

The Council **agreed**:

- To approve publication of the report in September 2019.
- That a detailed response to the report and its recommendations be brought to the December 2019 Board meeting.
- To delegate authority to the Chief Executive to fund the pools for a minimum of 12 further months of activity at the current level.

The Chair thanked Professor Heathwaite for her very valuable work in leading the Review. Professor Heathwaite then left the meeting.

19/78 Implications of a no-deal Brexit (SFC/19/61)

The Council received a paper setting out detail on the implications of a no-deal Brexit for colleges and universities.

In discussion the Council noted:

- The key risks associated with a no-deal Brexit.
- That the outcome agreement teams were engaging with colleges and universities to get feedback on any issues.
- The main impacts on the economy and particular industries.

The Council advised that as well as the universities, colleges would be impacted heavily by a no-deal Brexit and that regular and impactful communications and leadership from SFC would be welcomed.

19/79 Use of delegated authority (SFC/19/62)

The Council received and noted a paper reporting on the Chief Executive's use of delegated authority during the period 7 June 2019 until 12 August 2019.

- 19/80 Ministerial Letter of Guidance actions (SFC/19/63)**
- The Council received a paper providing information on how the key areas of new or enhanced emphasis in the Ministerial Letter of Guidance for 2019-20 were being taken forward.
- The Council noted that the Council executive would continue to work closely with the Scottish Government on defining SFC's top priorities and areas of focus.
- 19/81 Capital Decision Point Committee minutes (SFC/19/64)**
- The Council received the unconfirmed minutes of the Capital Decision Point Committee meeting of 16 April 2019.
- 19/82 Remuneration Committee minutes (SFC/19/65)**
- The Council received the unconfirmed minutes of the Remuneration Committee meeting of 14 June 2019.
- 19/83 Research and Knowledge Exchange Committee minutes (SFC/19/66)**
- The Council received the unconfirmed minutes of the Research and Knowledge Exchange Committee meeting of 11 June 2019.
- 19/84 Long-term agenda (SFC/19/67)**
- The Council received a paper informing members of substantive agenda items proposed for future meetings.
- The Council **agreed** that the:
- Innovation Centre Programme – Phase 2, would be considered at the November Board meeting.
 - Innovation Centre – Forward Strategy, would be considered at the December Board meeting.
 - Development of the Research Pooling Initiative would be considered at the December Board meeting.
- 19/85 Any Other Business (Oral)**
- The Chair advised those present that it was the last meeting for Marlene Wood, Professor Maggie Kinloch, Professor Sir Anton Muscatelli and Dr Keith Nicholson, who would be stepping down from the SFC Board in October 2019 and, on behalf of the Board, thanked them for their input and enthusiasm over the years.

The Chair also informed that John Kemp was going on secondment to UHI and the Board wished him well.

Finally, the Chair notified that Sheila Meehan was relocating to England and that this was her last meeting and the Board showed their appreciation for her work for SFC's Board and committees.

19/86 Spending Review Update (SFC/19/68)

The Council received a paper summarising the work of the Council executive on the Spending Review and discussed the challenges and opportunities going forward.

19/87 Foundation and Graduate Apprenticeships (SFC/19/69)

The Council received a paper updating on Foundation Apprenticeships (FAs) and Graduate Apprenticeships (GAs).

The following three paragraphs are withheld from publication on the Council website under the Freedom of Information (Scotland) Act 2002, Section 30: Prejudicial to the effective conduct of public affairs.

[] × 3 Paragraphs

19/88 Next meeting: 7 November 2019