10 September 2015

Dear Professor Brown,

LETTER OF GUIDANCE TO SCOTTISH FUNDING COUNCIL: ACADEMIC YEAR 2016-17

1. I am writing, as before, at this time of year because of the need to set out our expectations for the funding we provide to the Scottish Funding Council before you finalise your guidance to institutions for Outcome Agreements for 2016-17.

2. In light of the UK government’s plans for a Spending Review to take place this summer and report in late November, I cannot, at this point, advise on funding figures or volume targets. The UK government has signalled its intention to reduce public spending by £20 billion in real terms by 2019-20, on top of the £17 billion cuts already announced to welfare and other spending over this period. While we await the outcome for Scotland, what is clear is that we face significant further austerity over the coming years.

3. In sharp contrast to the UK government, the Scottish government wishes to take a different approach. We want to explore all opportunities and work with our partners across the public sector and beyond to deliver a fairer, more prosperous country.

4. The current constitutional context, however, requires us to be pragmatic about the resources available. Therefore, it is a priority for all our public bodies and those receiving funding from the public purse to examine continuously and creatively how, through clever collaboration and a learner-centred approach, we can focus on improving delivery of transformative services, such as education, which can make a difference to our lives. I shall write again following the publication of the Scottish Government’s Draft Budget.
5. At this point I can, nonetheless, be clear that the Government’s high-level strategic objectives for the further and higher education sectors remain essentially unchanged from those set out in Michael Russell’s letter to you of 31 July last year. These are:

- Highly efficient and effective regional structures for colleges, including structures in multi-college regions
- High-quality, effective learning
- Access to education for people from the widest range of backgrounds
- Learning which prepares people well for the world of work and successful long-term careers, and in doing so supports our ambitions for economic growth
- Internationally competitive and impactful research, and
- Effective knowledge exchange and innovation including excellent university/industry collaboration
- Meet the challenges set out by the Developing Scotland’s Young Workforce report
- Address the underrepresentation of women on the governing bodies of colleges and universities and at senior levels, and gender balance among student intakes for some key subjects.

6. I know you will also want to take account of the recently published Programme for Government and Scotland’s Economic Strategy. The Scottish Funding Council and the institutions it funds must play a leading role in driving improvement in Scotland’s participation, prosperity and fairness.

7. We need to do more to ensure that everyone in Scotland is able to take advantage of the life-changing opportunities our education sector offers. Specifically, I expect the SFC and its partners to strongly support the work of the Commission on Widening Access to address the complex challenge of ensuring equality of access to education. Learners from disadvantaged backgrounds should have the same opportunities as other Scots in gaining access to, and qualifying from, further and higher education.

8. Equally, as we focus on improving attainment and young people’s life chances, SFC should continue to use its influence to deliver the strategy to reduce youth unemployment through the Developing Young Workforce agenda and to forge productive partnerships between schools, colleges, universities and employers.

9. SFC should also seek to maximise the opportunity provided by European funding so as to drive innovative activity that delivers the skills employers need in the growth sectors of each region of Scotland and to improve employment prospects of young people in South West Scotland through the Youth Employment Initiative.
10. You should also play an active part in improving gender equality generally, and by building awareness and commitment to our partnership for change pledge that challenges all boards to achieve a 50:50 gender balance by 2020.

11. I continue to look to the SFC to direct the funding we provide for higher and further education and research in a way that focuses on delivering the Government’s high-level strategic objectives set out above. Moreover, as you strive for continuous improvement in the effectiveness of the funding you provide to colleges and universities, you should continue to build your influence and cement partnerships that will deliver the outcomes we expect.

12. As you do so, I consider it essential that you accelerate your efforts to reform and strengthen your own organisation to ensure it is attuned to the evolving political and economic environment and the needs of our communities; capable of acute analysis and effective and efficient ways of working; and of delivering effective, high-quality leadership to the HE and FE sectors it funds, ensuring that public investment delivers for learners and, ultimately, grows the economy.

13. In conclusion, I should like to thank the SFC for its efforts and achievements over the past year including its progress on embedding the Outcome Agreement approach in partnership with universities and colleges; with college regionalisation; and in launching Innovation Centres in partnership with industry. As ever, I should be happy to discuss my expectations further with you. I am copying as below.

ANGELA CONSTANCE

Copies:

Stewart Maxwell MSP, Convener of Scottish Parliament Education and Culture Committee
Hugh Hall, Chair, Colleges Scotland
Shona Struthers, Chief Executive, Colleges Scotland
Liz McIntyre, Convener of Scotland’s Colleges’ Principals’ Convention
Professor Peter Downes, Convener, Universities Scotland
Alastair Sim, Director, Universities Scotland
Rory Mair, Chief Executive, COSLA
Bill Maxwell, Chief Executive, Education Scotland
Damien Yeates, Chief Executive, Skills Development Scotland
Grahame Smith, General Secretary, Scottish Trades Union Congress
Mary Senior, Scottish Official, University and College Union
Larry Flanagan, General Secretary, Education Institute for Scotland
Dave Prentis, General Secretary, UNISON Scotland
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