

The twelfth meeting of the Finance Committee of the SFC was held on Tuesday 4 April 2017, 9.30am, at the SFC offices, 97 Haymarket Terrace, Edinburgh.

Present: Robin Crawford (Chair)
Douglas Mundie
Anton Muscatelli (items 17/24 to 17/36)

Officers: Gavin Bruce (items 17/36 to 17/44)
Michael Cross
Martin Fairbairn (item 17/37 to 17/39)
John Kemp
Gordon McBride (items 17/36 to 17/44)
Lorna MacDonald
Sheila Meehan (Clerk)
Andrew Millar (items 17/24 to 17/35)
Martin Smith

In attendance: Audrey Parfinowska (Scottish Government)

Apologies: Kerry Twyman (Scottish Government)

17/24 Welcome

The Chair welcomed members and officers to the twelfth meeting of the Scottish Funding Council's Finance Committee.

17/25 Chair's business: Papers for discussion and declarations of interest

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

Douglas Mundie declared an interest in relation to part time work for the University of St Andrews.

Robin Crawford declared an interest as a Board member for Skills Development Scotland.

Anton Muscatelli declared an interest as Principal and Vice-Chancellor of the University of Glasgow.

The members confirmed that they would absent themselves if there was any discussion on their relevant areas of conflict.

The Chair advised the Committee that a statement had been issued by the Cabinet Secretary for the Economy, Jobs and Fair Work on 30 March 2017 confirming that, as part of the Enterprise and Skills Review, the Boards of the Scottish Funding Council and the other agencies involved would remain in place.

17/26 Minutes of previous meeting, 9 March 2017 (FC/17/Min02)

The minutes of the 9 March 2017 meeting were **agreed** as a true record of the meeting.

17/27 Matters arising (FC/17/12)

The Committee received the paper and noted the actions taken since the last meeting.

17/28 Governance and financial health of the university sector: Analysis of 2015-16 financial statements (FC/17/13)

The Committee received a paper summarising the university sector's actual financial results for 2015-16 and providing an assessment of institutions' financial sustainability and governance.

The following two 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

[] x 2 paragraphs

17/29 Governance and financial health of the college sector: Analysis of 2015-16 financial statements (FC/17/14)

The Committee received a paper summarising the college sector's actual results for 2015-16 and providing an assessment of colleges' financial health and governance.

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[] × 2 paragraphs

17/30 Arms-length foundations: 2015-16 update (FC/17/15)

The Committee received a paper providing an annual update on the funds held within arms-length foundations (ALFs).

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[] × 1 paragraph

17/31 Year End Re-profiling (FC/17/16)

The Committee received a paper providing the 2016-17 financial year end correspondence between SFC and the Scottish Government.

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[] × 1 paragraph

17/32 Ministerial Letter of Guidance (Oral)

It was noted that the SFC's Ministerial Letter of Guidance for 2017-18 and Ministerial Letter of Guidance to the Enterprise and Skills Bodies for 2017-18 dated 30 March had been sent to Board Members.

The Committee **agreed** that a detailed action plan from the Ministerial Guidance Letters be provided to the May Finance Committee meeting.

17/33 Draft Budget Allocation and Monitoring letter and reconciliation to funding allocations (FC/17/17)

The Committee received and noted SFC's draft 2017-18 Budget Allocation and Monitoring letter.

17/34 Universities Final Outcome Agreement Funding Allocations for AY 2017-18 (FC/17/18)

The Committee received a paper setting out the final outcome agreement funding allocations for universities in AY2017-18, including proposed changes from the indicative funding announcement in February.

The Committee also received a tabled paper documenting the Strategic Fund Forward Look, by project.

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[] x 3 paragraphs

17/35 Colleges Final Outcome Agreement Funding Allocations for AY 2017-18 (FC/17/19)

The Committee received a paper setting out the final outcome agreement funding allocations for colleges in AY2017-18, including proposed changes from the indicative funding announcement in February.

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[] x 3 paragraphs

17/36 Running Cost budget and 3 year forward forecasts (FC/17/20)

The Committee received and noted a paper providing SFC's running costs budget for 2017-18. It was noted that the full cost of the accommodation project was c£1.1m.

17/37 4 year forward credit activity forecasts (FC/17/21)

The Committee received and noted a paper providing a long term planning horizon for college activity by setting indicative credit targets for each college/region from AY2017-18 to AY2021-22.

17/38 Review of evidence supporting SFC's performance report (FC/17/22)

The Committee received a paper reviewing the evidence supporting SFC's Performance Report.

The Committee **agreed** that a paper be brought to the May Committee meeting that:

- Summed up progress with implementation of the changes discussed by the Finance Committee
- Takes account of the Enterprise and Skills Review, reflecting Scottish Government priorities and providing updated relevant objectives and measures for SFC.

17/39 European Social Funds update (Oral)

The Committee received an update on European Social Funds (ESF).

The following four 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

[] x 4 paragraphs

17/40 Finance Risk Register (FC/17/23)

The Committee received and noted SFC's Finance Risk Register.

- 17/41 Grant Funding Distribution Internal Audit Report (FC/17/24)**
The Committee received and noted the Grant Funding Distribution Internal Audit Report.
- 17/42 Long term agenda (FC/17/25)**
The Committee received and noted proposed agenda items for future meetings of the Committee.
- 17/43 Finance Committee reporting to the Council Board (Oral)**
The Committee **agreed** that the decision on what was to be brought to the next full Council Board business meeting (due to take place on 23 June 2017) would be taken at the 24 May 2017 Finance Committee meeting.
- 17/44 Next meeting**
24 May 2017, 9.30am.