



SFC Guidance

Overview of Outcome Agreement Process for Colleges and Universities 2020-2021



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Promoting further and higher education

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Summary

1. This overview describes the key requirements for Outcome Agreements and the process for negotiating an Outcome Agreement with SFC for AY 2020-2023. It also explains how we will monitor previous years' Outcome Agreements. It is supplemented by College and University specific Outcome Agreement Guidance for AY 2020-21.

Key points in drafting an Outcome Agreement

2. The fundamental purpose of an Outcome Agreement is to demonstrate each institution's distinct contribution to delivery of SFC's core objectives as set out in its Strategic Framework¹, along with the impact of the associated SFC investment, and of the Scottish Government's outcomes, as defined by the National Performance Framework².
3. An Outcome Agreement should align with an institution's strategy to enable it to negotiate its contribution towards sector level impacts according to its mission and strengths. We wish to secure greater progress towards our SFC core objectives and therefore continue the process of improving outcome agreements to include more ambitious and challenging targets, alongside enhanced transparency and accountability on institutional performance. Outcome Agreements will not secure SFC approval unless they include a fully completed national measures data table using the measures template provided and contain clear actions to address SFC core objectives.
4. Outcome Agreements should set out institutions' commitments and ambition in support of SFC core objectives over the three years to 2022-23.
5. Institutions should develop their Outcome Agreements using the Framework at Table 1, outlining their commitments, strategies and evidence of progress against each of the priority outcomes.
6. Institutions should summarise how students' associations, staff, local authorities, stakeholders and trade union representatives have been actively involved in the development of their Outcome Agreements.

¹ [SFC Strategic Framework 2019-2022](#)

² [National Performance Framework](#)

Introduction

7. SFC introduced Outcome Agreements in AY 2012-13. They help colleges and universities demonstrate their distinct contribution to SFC's core objectives, in particular, improving life chances, well-being and successful outcomes for students, and contributing to sustainable economic prosperity, in return for public investment.
8. For AY 2020-21 Outcome Agreements, we expect institutions to plan for existing Scottish Government priorities as set out in the National Performance Framework³. We also expect Outcome Agreements to include updated targets, in the tables previously provided, that have been reviewed in the light of the changed expectations set out in this guidance.
9. Priorities outlined in this Guidance are subject to further change in light of any further letters of guidance received by SFC from the Scottish Government.

Intensification of the Outcome Agreement process

10. The 2018-19 round of Outcome Agreement discussions were influenced by Scottish Ministers' clearly expressed desire for the process to be 'intensified', providing a clear line of sight between the Scottish Government's investment and the delivery of its key outcomes.
11. We want this process to continue in particular in: widening access; articulation; attainment and retention; equalities and inclusion; Developing the Young Workforce (DYW); research and innovation; skills and apprenticeships. This will mean more ambitious and challenging targets in 2020-21; greater focus and clear evidence of engagement with external stakeholders and evidence that the actions in the Outcome Agreement meet their needs.
12. As Outcome Managers discuss the 2020-21 Outcome Agreements and monitor progress against previous ones, they will take into account how we allocate funding in a way that best ensures delivery of the national priorities. In this respect, SFC will also consider whether an institution's funding allocation will be affected if previously agreed targets have not been met.

The Outcome Agreement process: relationships and reporting

13. The Outcome Agreement is a joint funding commitment, in which each institution (or college region) sets out the outcomes and outputs it will deliver, reflecting its regional context and specialisms, in response to the priorities set out in the Scottish Government's National Performance Framework. The outcomes will contribute towards meeting the SFC's national ambitions.

³ National Performance Framework

14. In the case of colleges, for ten of the 13 regions, the Outcome Agreement will be negotiated and agreed with the single college serving that region. In the three multi-college regions - Glasgow, Lanarkshire, and the Highlands and Islands - the Outcome Agreement is negotiated and agreed with the Regional Strategic Body.
15. For some specialist institutions certain aspects of this guidance will not apply. The respective Outcome Agreement Managers will discuss this with the institutions.
16. In the case of the University of the Highlands and Islands and SRUC, the college Outcome Agreement is part of a tertiary Outcome Agreement. The respective Outcome Agreement Managers will agree in advance of negotiations which elements of the college and university guidance should be followed.
17. Outcome Agreements should be concise documents focused on SFC's core objectives, should include outcomes for the three years from AY 2020-21 to AY 2022-23, and should be not more than 25 pages in length.

Relationship

18. A strong working relationship between institutions and the SFC Outcome Agreement Managers and their teams will enhance the process. Outcome Agreement engagements are also a forum where institutions can share and explore their strategic ambitions and strategies with SFC colleagues.

Reporting

19. An outcome-focused approach has been adopted to improve outcomes for individual learners and the Scottish economy. We want Outcome Agreements to demonstrate how institutions are:
 - Contributing to sustainable economic growth and improving life chances and well-being by providing all learners with the necessary skills to achieve successful outcomes, progress into sustainable employment and live fulfilling and healthy lives.
 - Ensuring provision is efficiently delivered and meets national, regional and local employer needs through the use and analysis of Regional Skills Assessments (RSAs), Skills Investment Plans (SIPs) and other relevant labour market intelligence. Outcome Agreement Managers will want to see evidence of how labour market demand is reflected in the institution's provision.
 - Using research and innovation to add to current knowledge that delivers economic and societal value.

Monitoring

20. Outcome Agreements for AY 2020-21 will be informed by the monitoring of progress and achievements from previous years. This will focus on the AY 2018-19 agreement, and early progress from the AY 2019-20 Outcome Agreement. We will discuss progress with institutions throughout the year. The monitoring process includes arrangements for quality reporting, which are set out below.

Outcome agreement and quality reporting

21. Quality assurance and enhancement underpin the Outcome Agreement process and remain a continuing requirement of institutions and a condition of funding. The quality arrangements enable SFC to discharge its statutory duty for the assessment and enhancement of quality.
22. Annex A of the College and University Guidance documents provides information on Outcome Agreement self-evaluation reporting and data monitoring.
23. For colleges, to assist with the monitoring of Outcome Agreements, we will continue to require college regions to provide quarterly data returns using the Further Education Statistics (FES) Online reporting system. We will review in-year FES data to enhance our evidence base and therefore data quality within FES remains of paramount importance. HEIs should continue to provide accurate information to HESA on an annual basis.

Outcome Agreement process: Outcome setting and funding

24. Funding for institutions will be negotiated annually. Funding is offered on condition that an Outcome Agreement meets the required standard, particularly in terms of the:
 - Impact an institution will deliver;
 - Ambitions and appropriateness of outcomes and outputs; and
 - Level of engagement with external stakeholders in support of the institution's work.
25. We recognise, however, that institutions work alongside others in the achievement of outcomes and that some factors are outwith their direct control.
26. Future funding will be dependent on delivery of satisfactory outcomes that contribute towards delivery of SFC core objectives. Negotiations in relation to past performance may be used to adjust funding.

27. Any decision to reduce future funding would be proportionate and based on full consideration of an institution's performance.

Funding recovery

28. SFC will closely consider situations where there is concern over a variation in delivery against Outcome Agreement commitments and in the case of colleges, their Credit target. In such an instance, taking context and ambition into account, SFC will consider whether funding needs to be recovered.
29. To inform its decisions, SFC will consider the institution's progress against the following:
 - Student numbers.
 - Funded mix of provision.
 - Performance against targets.
 - Deliverables related to strategic investments and/or projects.
30. For colleges, we will take our main funding recovery decisions for AY 2020-21 at the end of 2021 following the closure of the FES Final Figures Return. This will allow sufficient time for data on progress to be compiled as well as time for SFC to fully review the progress delivered to date. Where SFC determines that funding recovery may be required, regions will be informed from January 2022. Outcome Agreement Managers will support this process.

Student engagement

31. Consistent with the approach to student engagement in quality, SFC expects institutions to show evidence of how the outcomes in the Outcome Agreements have been **developed and discussed** with representatives of the student body and/or Students' Associations (SAs). SFC Outcome Agreement Managers will seek the views of staff, students and SA officers in each institution/college region on Outcome Agreement engagement in general, and more specifically, the SA's views on the content of the agreement and their potential role in contributing to the achievement of priorities.
32. Outcome Agreements should also report on outcomes and impacts of initiatives where SAs have taken a lead on responding to, or delivering, on a policy area or priority (for example mental health awareness or STEM gender balance).

Strategies and documents

33. We expect the 2020-21 Outcome Agreements to be streamlined, strategic documents and therefore detail of strategic objectives and operational plans should be hyperlinked from the agreement. We provide an example template

below ([Table 1](#)) of the plans and strategic documents for which links should be included within the Outcome Agreement.

34. In addition, Outcome Agreement managers will have specific themed engagement with institutions through the course of the year to include a focus on: Access and Inclusion; Retention and Attainment; Quality; DYW; STEM; Research and Innovation; and other emerging priorities.

Table 1: Strategies and documents

Strategies and documents (examples)	
<ul style="list-style-type: none"> • Public Sector Equality Duties reports • Access and Inclusion Strategy • BSL Plan • Corporate Parenting Plan • Developing the Young Workforce Plan • Equality and Human Rights Impact Assessment • Gaelic Language Plan 	<ul style="list-style-type: none"> • Gender Action Plan • Public Bodies Climate Change Duties Report • Estates Strategy • STEM Strategy and Action Plan • Student carers support policy • Mental Health Strategy • University Innovation Fund

Timeline

35. We intend to begin discussing the content of AY 2020-21 Outcome Agreements **from October**. We shall require a well-developed draft in **December 2019** and a final Outcome Agreement by the end of **April 2020**.
36. Initial discussions should also include contributions from, and intelligence provided by, other stakeholders including ES, QAA and SDS.
37. Our final timeline will be influenced by a range of external factors outwith the control of SFC, such as the Scottish Government’s budget process.

Sign-off and publication

38. Following the announcement of final funding allocations, and the submission of final Outcome Agreements, institutions will be provided with signature pro forma to complete before returning to SFC. This pro forma will be published as part of the Outcome Agreement.
33. Similarly, as with the 2018-19 and 2019-20 Outcome Agreements, SFC will publish a summary data table rather than the full table of Outcome Agreement

Targets for 2020-21 to 2022-23. The full table will be signed off as part of the Outcome Agreement process, but only the summary table will be shown in the published document.