



The ninety-sixth meeting of the Scottish Further and Higher Education Funding Council was held on Friday 27 January 2017 at 10.00am, at the SFC offices, Haymarket Terrace, Edinburgh.

**Present:** Professor Alice Brown (Chair)  
Robin Crawford (Vice-Chair)  
Audrey Cumberford  
John Kemp (Interim Chief Executive)  
Paul Little  
Professor Maggie Kinloch (items 17/01 to 17/12)  
Lorraine McMillan  
Douglas Mundie  
Dr Keith Nicholson (items 17/01 to 17/10)  
Veena O'Halloran  
Professor Albert Rodger (items 17/01 to 17/16)  
Caroline Stuart  
Marlene Wood

**Officers:** Morag Campbell (item 17/15 to 17/16)  
Michael Cross  
Stephen Crowe (items 17/01 to 17/15)  
Martin Fairbairn (Secretary)  
Stuart Fancey  
Helen Gibson (items 17/01 to 17/02)  
Lorna MacDonald  
Sheila Meehan (Clerk)  
Martin Smith (items 17/01 to 17/12)  
Andrew Youngson

**Scottish Government:** Shirley-Anne Somerville (Minister for Further Education, Higher Education and Science) (items 17/01 to 17/02)  
Aileen McKechnie (items 17/01 to 17/02)  
Grant Moncur (items 17/01 to 17/02)  
Paul Smart (items 17/01 to 17/12)

**Observers:** Ewen Brierley (HEFCW)  
Claire Chapman (items 17/01 to 17/12)  
Vonnie Sandlan (NUS (Scotland))

**Apologies:** Professor Anton Muscatelli  
HEFCE representative  
Roddy Macdonald (Scottish Government)  
David Blaney (HEFCW)

**17/01 Welcome**

The Chair welcomed the Minister for Further Education, Higher Education and Science to the Council Board meeting.

The Chair also welcomed Vonnie Sandlan of NUS (Scotland), Ewen Brierley of HEFCW, and Aileen McKechnie, Grant Moncur and Paul Smart of the Scottish Government to the meeting.

**17/02 Board discussion with the Minister for Further Education, Higher Education and Science**

The Chair initiated introductions from the Board and other attendees and informed the Minister that the indicative funding allocations for colleges and universities, distributing around £1.5 billion of public funds, would be discussed later during the business meeting.

The Minister thanked the Board for inviting her to the meeting and informed the Board of the Scottish Government's priorities for the continued improvement of further and higher education and the critical role of the Council in taking them forward.

Following the Minister's introductory speech, discussions on the Enterprise and Skills Review, the learner journey, widening access and research and innovation took place.

The Chair thanked the Minister for her time and the Minister left the meeting.

**17/03 Chair's business: papers for discussion and declarations of interest**

The Chair advised members that it was Holocaust Memorial Day and Professor Maggie Kinloch read the poem '*Do Not Stand At My Grave and Weep*' by Mary Elizabeth Frye (1932), to mark the day.

The Chair invited members to indicate if they wished to discuss any of the starred items on the agenda. Paper SFC/17/10 was unstarred

for discussion and the recommendations contained within papers SFC/17/13 and SFC/17/14 were **agreed** without discussion.

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

The following members confirmed potential interests as follows:

- For papers SFC/17/07 and SFC/17/12, Audrey Cumberland (West College Scotland), Paul Little (City of Glasgow College, Glasgow Colleges' Regional Board) and Martin Fairbairn (Glasgow Colleges' Regional Board).
- For paper SFC/17/08 Veena O'Halloran (University of Strathclyde), Martin Fairbairn (University of Glasgow)

Should a potential conflict arise the member would leave the meeting during consideration of that item.

**17/04 Chair's report (SFC/17/01)**

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

**17/05 Minutes of the 16 December 2016 meeting (SFC/16/Min08)**

The Council considered the minute of the 16 December 2016 meeting and confirmed that it was a true record of the meeting.

**17/06 Action tracker (SFC/17/02)**

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

**17/07 Long-term agenda planning (SFC/17/03)**

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

The Council **agreed** that the following items would be added to the long term agenda:

- A paper for the March 2017 meeting covering the Audit Scotland reports and relevant Parliamentary Committee debates, providing information on the actions being taken to respond to recommendations
- Consideration be given to bringing forward the Teaching and Learning item for the September 2017 meeting if possible
- An update on college innovation be included in the update on research for the June 2017 meeting.

#### **17/08 SFC's Performance Report (SFC/17/04)**

The Council received a supplement to SFC's Performance Report.

The Interim Chief Executive advised that:

- The staff survey results were generally positive and there was a significant improvement in staff engagement. A staff meeting had taken place to discuss the results and a plan for improvement was being progressed
- He had recently talked, by telephone, with the new Commissioner for Fair Access, Professor Peter Scott, and the Access Team had also met with him that week. Professor Scott would be attending the next meeting of the Access and Inclusion Committee on 28 February.

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

#### **17/09 Chief Executive's report (SFC/17/05)**

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

The Interim Chief Executive advised that:

- The college statistics, published on 24 January 2017, were largely positive
- The deadline for institutions to participate in the Teaching Excellence Framework (TEF) had passed and five universities

(University of Dundee, University of St Andrews, University of Abertay, Robert Gordon University and Heriot Watt University) had decided to take part

- SFC was assisting SDS in implementing the changes that SDS was making to Foundation Apprenticeships, to reduce the burden on the college sector and aim for a smooth transition.

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

The Council **agreed** the revised remit for the Access and Inclusion Committee.

#### **17/10 Enterprise and skills review (SFC/17/06)**

The Council received a paper updating on the Scottish Government's Enterprise and Skills Review.

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[ ] x 2 paragraphs

#### **17/11 College indicative Outcome Agreement funding allocations for 2017-18 (SFC/17/07)**

The Council received a paper setting out the indicative budget allocations for colleges in 2017-18 following the Scottish Government's draft budget announcement on 15 December 2016.

The Council noted that:

- There was a clear link between the Scottish Government's ambitions - as expressed in Ministers' strategic guidance to Council, itself forming the basis of the outcome agreement guidance process – and the work of both the college and university sectors;

- The Interim Ministerial Letter of Guidance, dated 29 September 2016, provided a broad range of strategic ambitions and budget decisions with:
  - The priority for the college sector being to maintain 116,000 FTE places
  - The priorities for the university sector being teaching, research and widening access.
- The Finance Committee had met on 20 January 2017 to consider the indicative allocations and noted that:
  - There was a small increase in funding to the college revenue budget and small changes for individual colleges
  - Strategic Funds were mostly already committed
  - The Finance Committee had considered and agreed to the proposals as set out in the paper.
- The Council executive was waiting to hear about the number of additional childcare places being allocated by the Scottish Government.

The Council **agreed**:

- The indicative budget allocations for colleges in AY 2017-18 as described in paper SFC/17/07
- To delegate authority to the Chief Executive to finalise the details of the indicative budget allocations and their announcement to colleges.

**17/12 University indicative Outcome Agreement funding allocations for 2017-18 (SFC/17/08)**

The Council received a paper setting out the indicative budget allocations for universities in 2017-18 following the Scottish Government's draft budget announcement on 15 December 2016.

The Council noted that:

- Consistent with the Ministerial Letter of Guidance, funding for core teaching and research would be protected
- In depth discussions with the sector, Scottish Government, and Ministers in relation to the Spending Review had helped in the indicative allocation process.

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[ ] × 2 paragraphs

The Council **agreed**:

- To reduce the tolerance thresholds in the validation model from +/- 4% to +/- 2%; and that transitional funding be allocated to ensure that no university's main teaching grant is reduced by more than 1% as a result of the change to the validation model thresholds
- To using the proposed 'hybrid' model for calculating the assumed fee income from universities TPG provision and the resulting decreases in teaching funding and provide funding for AY 2017-18 to support this transition.
- To maintain funding at the AY 2016-17 level (as detailed in Annex A, Table 1, Option B)
- To delegate authority to the Chief Executive to finalise the details of the budget allocations and their announcement to universities.

While the recommendations noted above were approved by the Council, one member wished to record their dissent and that they did not agree to the recommendations.

The Chair thanked the Funding Team and all the staff involved in the indicative allocation process for the immense amount of hard work and effort that had been involved in producing the indicative allocations for the college and university sectors within a very limited time period.

### **17/13 SFC corporate governance matters (Oral)**

The Council Board undertook a short private session and the Council executive and observers left the meeting.

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[ ] × 3 paragraphs

The Council executive and observers returned to the meeting.

**17/14 Any Other Business (Oral)**

The President of NUS (Scotland) advised the Council that the gender balance at the NUS was improving, with a female President and several Vice Presidents in post. She also advised that the Further Education Student Support uplift was welcome.

**17/15 Stakeholder engagement plan update (SFC/17/09)**

The Council received a paper updating on stakeholder engagement activities.

The Council noted that SFC's profile had increased in the Parliament and with others, due to increased engagement with key stakeholders and that the Council executive was continuing to build on this activity.

The Council advised that there could be advantage in connecting locally as well as nationally, and in seeking new ways to engage with the media.

**17/16 SFC monitoring and evaluation of strategic projects: annual update (SFC/17/10)**

The Council received and noted a paper summarising work undertaken in 2016 to evaluate SFC's strategic investments.

The Council commended the team for the work undertaken to progress the evaluation process.

**17/17 SFC's Framework Document with Scottish Government (SFC/17/11)**

The Council received a paper informing of the development of a new Framework Document for SFC with Scottish Government (SG).

The Council noted that:

- The Framework Document mostly covered the SFC/SG relationship (covering what was in statute, from On Board, and the Scottish Public Finance Manual etc), with specific material on college and university relationships
- It had been circulated to the Audit and Compliance Committee members who had provided feedback
- The Council executive was in discussion with the Scottish Government about the role of SFC's Accountable Officer in relation to individual institutions.

The Council **agreed** to delegate authority to the Chair and Chief Executive to agree and finalise the document with the Scottish Government.

**17/18 Risk-based approach to the monitoring of governance and financial health of colleges (SFC/17/12)**

The Council received a paper describing the actions taken by the Council's executive to develop a proactive, risk-based assurance framework to inform our assessment of the required level of engagement with colleges.

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**17/19 Finance Committee minutes (SFC/17/13)**

The Council received the unconfirmed minutes of the Finance Committee meeting of 20 January 2017.

**17/20 Research and Knowledge Exchange Committee minutes (SFC/17/14)**

The Council received the unconfirmed minutes of the Research and Knowledge Exchange Committee meeting of 24 November 2016.

**17/21 Next meeting: 17 March 2017.**