



Chair's Report

Purpose

1. This paper provides Council with a report from the Chair on her key external engagements and other relevant business, and proposes the establishment of a Capital Decision Point Committee.

External Engagements

2. The Chair's key external engagements are noted at Annex A.

Capital Decision Point Committee

3. It was noted in Council paper SFC/16/105, Infrastructure Strategy, presented to the 16 December 2016 Council meeting, that an appropriate governance arrangement within SFC would be created to ensure proper scrutiny and due diligence of major capital projects funded by SFC.
4. This will involve: the Council's executive commissioning professional advice as necessary; the continued use by the Council's executive of a decision point process for assessing major capital projects; and a Capital Decision Point Committee to provide a robust assurance based system at key decision points for major capital projects' business cases.
5. The draft Standing Orders for the Committee are provided, at Annex B, for the Board's consideration.
6. Council members will be contacted directly to assess their availability for becoming members of this Committee.

Risk assessment

7. There are no risks associated with this paper.

Recommendations

8. The Council is invited to:
 - Note the content of the report
 - Approve the standing orders for the Capital Decision Point Committee.

Financial implications

9. There are no direct financial implications associated with this paper.

Publication

10. This paper will be published on the Council's website.

Further information

11. Contact: Alice Brown, Chair (email: abrown@sfc.ac.uk).

Chair's key external engagements

Meeting with Paul Johnston, Director-General Learning and Justice, Scottish Government, 6 February

The meeting provided an opportunity to update the Director General on recent developments and to discuss a number of issues including the Spending Review and the Enterprise and Skills Review.

Meeting with Dr Jennifer Barnes, 16 February

Together with Dr Stuart Fancey, met with Dr Jennifer Barnes from Saxton Bampfylde. She was involved in the appointment of the new Chief Executive of UKRI and we discussed the recruitment of new Board members of the organisation.

Scottish Knowledge Exchange Awards, 21 February

Provided the Closing Speech at this event organised by Interface and held at RBS's premises at Gogarburn. The event was very well attended with over 300 delegates people including those from universities and business/industry. The Awards showcased the support provided by Interface and the range of excellent initiatives that have resulted. It is the intention to increase the focus on the participation by colleges in future years.

Meeting with William Duncan, Chief Executive, RSE, 22 February

Dr Duncan will be retiring from his post as Chief Executive in May this year and he updated me on recruitment of his successor and other RSE matters.

Ministerial Review Group meeting, 23 February

Cabinet Secretary, Keith Brown, chaired the meeting. Updates on the progress on the different workstreams of the Review were provided. The meeting also provided an opportunity to discuss the paper written by Professor Lorne Crerar on Governance. Professor Crerar prepared his paper following discussions with members of the Governance Workstream and with others. The Cabinet Secretary asked for written responses to Professor Crerar's paper by 3 March.

Meeting with Alistair Sim, Chief Executive, Universities Scotland, 23 February

The meeting provided an opportunity for a general update on issues of relevance to the university sector, including the Spending Review, Widening Access and the Enterprise and Skills Review.

Access and Inclusion Committee, 28 February

Attended the Access and Inclusion Committee meeting and had the opportunity to meet with the new Commissioner for Widening Access, Professor Peter Scott, and to hear more about his approach to taking forward the widening access agenda.

RSE, Working Group on the Gender Pay Gap, 1 March

Attended a meeting of this Working Group, chaired by Professor David Bell. The outcome of the discussions will inform the RSE's submission to the Scottish Parliament in response to their consultation on the Gender Pay Gap.

Strategic Dialogue Meeting, Heriot-Watt University, 6 March

Together with Lorraine MacMillan and SFC colleagues, attended the SDM at Heriot-Watt University. The Principal and Chair of Court attended the meeting together with other senior members of staff at the University. In addition to Governance and Sustainability issues, the topics covered included Innovation, Business and Enterprise and Graduate Level Apprentices and FE Engagement. Our meeting coincided with a recent announcement that the University would have to adjust its financial forecasts over the next two years. They have set a savings target of 6% of income, approximately £14m. To achieve the savings they have opened an enhanced Voluntary Redundancy Scheme, and plan other operational savings.

Meeting with Janet Archer, Chief Executive of Creative Scotland, 6 March

The meeting provided an opportunity to discuss the Scottish Creative Industries Partnership's Shared Plan and ways in which the SFC and CS can continue to work collaboratively.

Robert Gordon University, International Women's Day event, 7/8 March

Provided the keynote address to mark the University's celebrations of International Women's Day and also the launch of their exhibition and publication of the third in their series of 'Celebrating Women at RGU' brochures. The event was well attended and the audience included the Principal and staff and students. The event received very positive feedback.

Forthcoming Meetings:

13 March – Meeting of Panel regarding the Scottish Government’s appointment of Chair of SQA

13 March – Meeting of Working Group of the RSE looking at Nomination of Young Candidates for Fellowship

15 March - Meeting of Panel regarding the Scottish Government’s appointment of Chair of Forth Valley College

Standing Orders for the Capital Decision Point Committee

Legislation and background

1. The Further and Higher Education (Scotland) Act 2005 established the Scottish Further and Higher Education Funding Council. Schedule 1 of the Act makes provision for certain administrative and other matters with respect to the Council, including the establishment of committees.
2. Schedule 1 states that:
 - The Council may establish committees for any purposes relating to its functions [section 13]
 - The Council is to determine the composition of its committees, the terms and conditions of committee membership, and the procedure (including any quorum) of its committees [section 14(1)]
 - Any of the committees of the Council may include persons who are not members of the Council [section 14(2)]
 - The Council is to pay to the members of its committees (whether or not they are also members of the Council) such allowances as the Scottish Ministers may determine [section 14(3)]
 - The Council is to keep under review the structure of its committees and the scope of the activities of each [section 14 (4)].
3. Schedule 1 also states that the Council may authorise any of its committees to exercise such of its functions to such extent as it may determine [section 15(1)]. Delegated authority for each committee is contained in the remit for each committee as agreed by the Council.
4. At its meeting on 17 March 2017, the Council agreed to establish a Capital Decision Point Committee. The remit, membership, and standing orders were also approved by the Council at its meeting on 17 March 2017. The remit of the Committee is reviewed on an annual basis.

Committee membership - general

5. As set out in the Council's Standing Orders, the membership of a committee will be determined by the Chair of the committee and the Chair of the Council.
6. Council committees must have Council representation. The Chair, who will be determined by the Council, will be a Council member. Other committee members who are not members of the Council will be referred to as "external members"; and the Scottish Government's guidelines for appointing members should be followed in their selection.

7. The Chief Executive, although a member of the Council, will not normally be a member of any committee.
8. A Council member's term of office on a committee will run concurrently with their Council term of office. Each external member will be appointed initially for a period of three years, with the possibility of serving for a further period thereafter.
9. On the expiry of a period of appointment of an external member, that member may be invited to serve for a single further period not exceeding three years. Where appropriate, periods of reappointment will be staggered to ensure some continuity of membership.
10. An external member may, by giving notice in writing to the Chair of the committee, resign as a member of a committee. A Council member may, by giving notice in writing to the Chair of the Council, resign as a member of a committee.
11. If the Chair of the committee and the Chair of the Council are satisfied that a member's attendance at meetings has been unsatisfactory or that the member is otherwise unable or unfit to discharge the functions of a member, they may, by giving notice in writing to the member, remove that person from the committee.

Background to and remit of the Committee

Background

12. All capital projects should be the product of a business case in order to be considered for funding. The Council's Capital Projects: Decision Point Process guidance examines a project at critical stages in its procurement and delivery to provide an assurance that it is consistent with the agreed initial aims and it can progress successfully to the next stage.
13. The key stages in the decision point process are:
 - Decision Point review 0: strategic assessment
 - Decision Point review 1: business justification/outline business case
 - Decision Point review 2: procurement strategy/full business case
 - Decision Point review 3: pre-tender
 - Decision Point review 4: pre-contract/ pre-construction
 - Decision Point review 5: post-occupancy evaluation.

14. The decision point process provides assurance that each project:
 - Is on target to meet the pre-agreed aims and objectives
 - Can successfully progress to the next stage of development or implementation
 - Remains within the cost, quality and budget parameters set
 - Represents value for money
 - Governance and resource arrangements are effective for its delivery.
15. For this purpose, major capital projects are defined as capital projects above £5 million.
16. The decision point process has been adopted for 2 major capital projects originally intended to be revenue-funded through the Scottish Government's non-profit distributing (NPD) model. As both these projects were intended to be NPD-funded, there is a Scottish Government requirement that they are scrutinized by the executives of both SFC and the Scottish Futures Trust (SFT), and that Scottish Ministers are provided with a recommendation from the Board of SFC that the project can progress to the next stage, for 2 key stages – Decision Point review 2 and Decision Point review 4. The other Decision Point review stages will be evaluated and approved by the executives of SFC and SFT.
17. There are other major capital projects at earlier stages of the process. The intention is for these projects to be scrutinized using the same Decision Point process, with SFC executive seeking technical advice and support as required, either from Scottish Futures Trust or other sources (including the Property Support Service).

Remit

18. The Committee will meet as required in order to provide recommendations to the SFC Board at Decision Point review points 2 and 4 (or equivalents) for each major capital project progressing through the Decision Point review process.
19. For the 2 live projects originally intended to be revenue-funded, the Committee will provide assurance to the SFC Board that, at each of the two key Decision Point review stages (2 and 4), the executives of SFC and SFT have undertaken the necessary scrutiny and due diligence to satisfy themselves that the project can progress to the next Decision Point review stage.

Membership of the Committee

20. The Chair of the Committee will be a non-executive member (but not the Chair) of the Council. There will be at least two other members, who may be external or non-executive members of the Council.

21. The profile of the membership should include experience and expertise in the following fields:
 - Development of major infrastructure projects
 - Current knowledge of the college and/or university sectors.
22. There will also be regard to equalities issues in the membership composition.

Proceedings of the Committee

23. The validity of any proceedings of the Committee is not affected by a vacancy in membership or by any defect in the appointment of a member.
24. The secretariat function is provided by the lead group – Research & Innovation Directorate.
25. The catering costs of the Committee are the responsibility of the lead group – Research & Innovation Directorate. Fees and T&S expenses are the responsibility of the Secretariat branch.

Quorum

26. The quorum for a Committee meeting is two members.

Role of the Chair in Committee meetings

27. It is the role of the Chair to see that Committee business is conducted in an orderly fashion and to ensure that members obtain a fair hearing. Members wishing to speak shall do so through the Chair.
28. The Chair is also responsible for leading the meeting to reach decisions. The Committee will normally make decisions on the basis of agreement by consensus, but where the Chair believes it to be in the interest of the progress of a debate, or where it is proposed and seconded by two members present, the Clerk may be asked to count and record a vote by a show of hands.
29. As set out in the Council's Scheme of Delegation, generally committees are expected to take matters as far as appropriate before making recommendations to the Council. The Chair of the Committee will normally have responsibility for judging when it is appropriate to make recommendations to Council: where items are routine, they will stay with the Committee until the final stage of decision-making; and where items are novel, unusual or potentially contentious, proposals should be considered by Council at an earlier stage.

Collective responsibility

30. Committee members should be encouraged to express any differing views within the Committee's internal decision-making process. In the event that a member has a reservation regarding a particular decision, they may ask for their dissent to be formally recorded in the minute. Once a decision has been reached, all members should support it.

Nomination of a Vice-Chair

31. The Chair may nominate a Vice-Chair to act as deputy in the absence of the Chair at Committee meetings. This nomination will be subject to the approval of the Committee.

Clerk to the Committee

32. The Clerk to the Committee will advise the Chair on the conduct of Committee business and agenda planning. The Clerk will also advise Committee members on formal matters relating to the Committee.

Conflict of interest

33. All external members are required to complete a register of interests on appointment (Council members complete this form on appointment to the Council) and must notify the Clerk when any changes to this need to be made. Members' registers of interests will be made publicly available on the Scottish Funding Council website.
34. If any member has, or could be perceived to have, an interest in a matter that is being considered by the Committee, then it is their duty to declare that interest at the start of the meeting or as soon as they become aware of it, whether or not that interest has already been recorded in their register of interests. This declaration will be recorded in the minutes by the Clerk. The member must decide, taking advice from the Chair, whether they should:
 - Remain in the meeting and participate fully
 - Remain in the meeting but make no contribution
 - Withdraw from the meeting for the discussion of, and any decision on, the relevant item.
35. The Chair may, in any event, ask a member to leave the meeting if s/he thinks it is appropriate.
36. Whilst individual members have a responsibility to consider their position with regard to conflict of interest, prior to the meeting the Clerk will consider the agenda in the context of the register of members' interests and advise the Chair

accordingly.

Attendance at meetings

37. Meetings will be attended by members of the Research & Innovation Directorate as appropriate.
38. In addition, other members of staff of the Council's executive may attend meetings as required for agenda items for which they are presenting information, to be available to respond to questions on matters arising from papers, to hear the debate where the Committee's discussion will inform their work, or as part of their on-going professional development.
39. Attendees may have a role in introducing papers, providing clarification, and contributing to discussions, but may not take part in Committee decisions.
40. As set out in the legislation, a representative of the Scottish Ministers is entitled to participate in any deliberations (but not in decisions) of any committee of the Council [section 16 of Schedule 1].

Observers

41. Any member of the Council has the right to attend Committee meetings as an observer by agreement with the Chair.
42. External observers may be invited to attend Committee meetings. External observers invited to be in regular attendance will receive copies of all papers.
43. Observers may, with the permission of the Chair, speak and contribute to discussions, but may not take part in Committee decisions.

Timing of meetings

Scheduled (or ordinary) meetings

44. The Committee will meet when required to consider specific business cases in accordance with the Remit section above.
45. The schedule of meetings for each year will be agreed by the Committee in the previous year, following consultation with the Chair by the Clerk and taking into account the dates of Council meetings.

Extra (or special) meetings

46. The Chair may convene additional meetings as s/he deems necessary.

Agenda and papers

Agenda items

47. Any member can, by contacting the Clerk to the Committee, suggest items of business. The agenda and designation of business will be decided by the Chair.
48. Items for endorsement or for noting will be starred (*) on the agenda and the Chair will ask at the start of the meeting whether members wish to discuss any of the starred items. (Members should notify the Clerk to the Committee of this wish in advance of the meeting.) Unless members specifically ask to discuss these items, the Chair will assume that they have been endorsed or noted.

Distribution of agenda and papers

49. The agenda of business and accompanying papers will normally be distributed no later than one week before a scheduled meeting of the Committee.

Freedom of Information

Publishing papers

50. Committee agendas will be published on the Council's website. Disclosable papers will be made available on request.

Disclosure status

51. In some cases, particular documents maybe subject to disclosure exemptions under the terms of the Freedom of Information (Scotland) Act 2002. Where this applies, the particular exemption(s) will be stated.

Approval of minutes of Committee meeting

52. Minutes of a Committee meeting will be submitted to the Chair for preliminary approval, and thereafter to the subsequent meeting of the Committee for formal approval.

Reporting to the Council

53. The minutes of each Committee meeting will be reported to the Council at the next scheduled Council meeting for noting – whether they have been confirmed or are unconfirmed but approved by the Chair.
54. At each Council meeting there will be the opportunity for the Chair to raise orally matters that s/he thinks the Council needs to be aware of.

55. If the Committee has met at least once during the course of a year, it will conduct an annual self-evaluation.