

Finance Committee

Minute

The twenty-sixth meeting of the Finance Committee of the SFC was held on Thursday, 28 November 2019, 1.00pm, at 99 Haymarket Terrace, Edinburgh.

Present: Douglas Mundie (Chair)
Lorna Jack

Apologies: Mhairi Harrington
Dr Veena O'Halloran
Lorna MacDonald (Secretary)

Officers: Gavin Bruce
Martin Fairbairn (item19/46)
Andrew Millar
Fiona O'Neill
Lynne Raeside
Sybille Rush (Clerk)
Martin Smith
Karen Watt (to item 19/48)

In attendance: Danielle Hennessy (Scottish Government) (to item 19/48)
Luise Siekman (Scottish Government) (from item 19/47)
Gemma Dalton (Scottish Government)

19/76 Welcome

The Chair welcomed new member Lorna Jack to the Committee. The Chair also welcomed officers and visitors to the meeting and advised that Mhairi Harrington had joined the Committee as a member but had sent her apologies for this meeting.

19/77 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.

19/78 Minutes of previous meeting, 2 October 2019 (FC/19/Min05)

The minute of the 2 October 2019 meeting was **agreed** as a true record of the meeting.

The Chair commented on the Grant-in-Aid letter and sought clarification over whether the discretionary spend Ministerial cap of £1m was still required. The Committee was advised that Cabinet Secretary for Finance approval was no longer required and Scottish Government and SFC colleagues were considering a revised corporate approval process for the SFC budget. The Chair noted this news and encouraged SFC to be treated similarly to other NDPBs.

19/79 Matters arising (FC/19/46)

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

19/80 Running costs

The Committee received an update on SFC's running cost budget and projected spend for Financial Year (FY) 2019-20. SFC was completing the budget re-forecast and would circulate an update to the Committee once completed.

19/81 Financial Sustainability (FC/19/47)

The Committee received a paper summarising the current financial sustainability of both the college and university sectors. It also considered the possible strategic responses to the financial challenges faced by the two sectors.

The Committee was grateful for the report and thanked the team for providing a very comprehensive and clear paper.

The Committee discussed the potential strategic responses and advised that these should be considered further by the full Council Board. The Committee looked forward to discussing the strategic responses in light of the recent Muscatelli Report on the university sector and forthcoming Cumberford/Little Report on the college sector.

19/82 Governance and Financial Sustainability of the University sector: update (FC/19/48)

The Committee received a paper presenting an update on the governance and financial sustainability of the university sector.

The Committee noted that:

- There was little change to the position as reported in the paper presented at the previous Finance Committee meeting on 2 October 2019. However, the assumptions used by three

universities in relation to the University Superannuation Scheme employer contribution rate in AY 2021-22 increases may be optimistic.

- An updated version of the 'Heat Map' will be presented to the Finance Committee at its next meeting.

19/83 SFC Summary Resource Return (FC/19/49)

The Committee received and noted a paper providing SFC's Summary Resource Return for October (based on September results) for FY 2019-20.

19/84 Financial Year 2019-20 to date spend and forecast outturn (FC/19/50)

The Committee received a paper presenting the financial monitoring information for FY 2019-20 for HE and FE Revenue and Capital funds.

The following paragraph is 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 1 paragraph

19/85 Comprehensive Spending Review (Oral)

The Committee received an update on Scottish Government/SFC planning for the Spending Review.

The following paragraph is 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 1 paragraph.

19/86 European Social Funds update (FC/19/51)

The Committee received a paper updating on European Social Fund (ESF) programmes that SFC is participating in as a Lead Partner.

The following paragraph is 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 1 paragraph

19/87 Finance Risk Register (FC/19/44)

The Committee received an oral update on the Finance Risk Register which reflected discussion at the November 2019 Council meeting and the addition of student support funds.

The risk register normally comes to the Committee at every second meeting and therefore a paper will be provided at the next meeting.

19/88 Long term agenda (FC/19/45)

Members noted proposed agenda items for future meetings of the Committee. It was noted that no indicative allocations would be available for the 21 January 2020 meeting due to the delay in the announcement of the UK budget.

The Committee noted that SFC planning assumption for college and university AY 2020-21 funding allocations included potentially rolling-forward AY 2019-20 allocations (with caveats) and subsequently issuing final funding allocations at the appropriate time in 2020 once the Scottish Government's budget had been approved by Parliament.

19/89 Next meeting

Date of next Committee meeting: 21 January 2020 (subject to confirmation of UK budget announcement). Confirmation of the date of the meeting will be sent to members in due course.

Depending on the timing of the availability of the funding allocations for AY 2020-21, there may be a need for an additional Committee meeting in February 2020.

19/90 Any other business

No other items were raised.