

Finance Committee

Minute

The twenty-eight meeting of the Finance Committee of the SFC was held on Thursday 28 May 2020 @ 10.00am, via videoconference.

Present: Douglas Mundie (Chair)
Lorna Jack
Mhairi Harrington
Professor John Wallace
Professor Ewart Keep
Dr Veena O'Halloran

Officers: Lorna MacDonald (Secretary)
Karen Watt (to 20/36)
Stuart Fancey (to 20/36)
Donna MacKinnon (to 20/36)
Andrew Millar
Gavin Bruce
Fiona O'Neill
Angela Seymour (Clerk)

In attendance: Luise Siekman (Scottish Government Sponsor Team)
Gemma Dalton (Scottish Government Finance)

Apologies: None

20/29 Welcome

The Chair welcomed members and officers to the meeting. The Chair also welcomed Donna MacKinnon, the new Director for Access, Learning and Outcome Agreements, to the meeting.

20/30 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.

20/31 Minutes of the previous meeting on 17 March 2020 (FC/20/Min02)

The minute of the 17 March 2020 meeting was **agreed** as a true record of the meeting.

20/32 Matters arising (FC/20/18)

The Committee **noted** the actions taken since the last meeting.

20/33 Governance and Financial Sustainability in the college sector (FC/20/19)

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

This paper will be published on the Council website in edited format (to remove references to specific institutions or forecast information) as it includes information which, if disclosed, would be likely to prejudice 'substantially' the commercial interests of a person, company or a public authority (Freedom of Information (Scotland) Act 2002, Section 33).

The Committee considered the results from the 2018-19 annual accounts and the executive's assessment of governance in the sector and **noted** that:

[] x 2 paragraphs

The Committee considered that, with a further forecast due to be received in June, there might be a need for an additional meeting of the Committee.

20/34 Governance and financial sustainability in the university sector (FC/20/20)

The Committee received a paper summarising the university sector's financial results for 2018-19 and the latest forecasts for 2019-20 and 2020-21, and providing an update of SFC's assessment of institutions' financial sustainability and governance.

This paper will be published on the Council website in edited

format (to remove references to specific institutions or forecast information) as it includes information which, if disclosed, would be likely to prejudice 'substantially' the commercial interests of a person, company or a public authority (Freedom of Information (Scotland) Act 2002, Section 33).

Veena O'Halloran declared an interest in relation to the University of Strathclyde.

Ewart Keep declared an interest in relation to the University of Strathclyde.

Douglas Mundie declared an interest in relation to the University of St. Andrews.

The Committee considered the results from the 2018 -19 annual accounts and **noted** that:

[] x 1 paragraph

In relation to the latest forecasts for 2019–20 the Committee **noted** that:

[] x 1 paragraph

The Committee was reassured that officers are continuing to connect to, and discuss developments with, the sector, Scottish Government and wider UK organisations.

In terms of the executive's assessment of governance, the Committee **noted** that:

- There was no evidence from the identified sources to indicate that the Fundable Body criteria were not being met.
- Two institutions had breached the Financial Memorandum.
- The overall assessment of governance in the sector, based on the available evidence, is that it is good.

20/35 Arm's Length Foundation Analysis: 2018-19 (FC/20/21) (FC/20/21)

The Committee received a paper providing an annual update on the funds held within Arms-Length Foundations (ALFs), along with details of the inflow and outflow of funds for 2018-19, providing

assurance regarding the safeguarding of public funds donated by colleges.

This paper will be published on the Council website in edited format as it contains information which will be withheld under the Freedom of Information (Scotland) Act 2002, Section 33: Commercial interests and the economy.

The Committee **noted** that:

[] x 1 paragraph

20/36 Additional university capital funding for AY 2020-21 (FC/20/25)

The Committee received a paper requesting that it consider a range of options for the distribution of an additional £75 million of capital for research provided to mitigate the effects of COVID-19 and to advise the Board on the most effective option for such a one-off allocation, taking account of the advice of Ministers.

Veena O'Halloran declared a direct conflict of interest in relation to the University of Strathclyde and took no part in the vote.

Ewart Keep declared an interest in relation to the University of Strathclyde.

Douglas Mundie declared an interest in relation to the University of St. Andrews.

John Wallace declared an interest in relation to The Royal Conservatoire of Scotland.

In discussion the Committee:

- **Noted** the background to the announcement of additional investment in research by SG and the context in which it was made, and the desire for an outcome that could be presented to institutions in a timely fashion.
- **Noted** the proposed use of conditions of grant to reinforce the expectation of delivery against the outcomes sought by Ministers and by SFC.
- **Advised** the executive that Option 2 for distribution of the £75 million additional investment should be presented to the SFC Board for approval.

20/37 2019-20 financial year end re-profiling (FC/20/22)

The Committee received a paper inviting it to note the 2019-20 final year end re-profiling position.

This paper will be withheld from publication on the Council's website under the Freedom of Information (Scotland) Act 2002; Section 27: Information intended for future publication, Section 30: Prejudicial to the effective conduct of public affairs.

[] x 1 paragraph

20/38 SFC Draft Accounts (FC/20/23)

The Committee received a paper requesting it to review the financial aspects of the annual accounts and confirm their consistency with the financial information reviewed by the Committee during the year.

This paper is withheld from publication on the Council website under the Freedom of information (Scotland) Act 2002, under Section 27. It must be laid before Parliament first.

[] x 1 paragraph

The Committee **agreed** that the financial aspects of the draft annual report and accounts were consistent with the financial information reviewed by the Committee during the year.

20/39 Resource outturn and reconciliation to draft accounts (FC/20/24)

The Committee **noted** the SFC provisional resource outturn for financial year 2019-20 and the reconciliation to the SFC draft annual report and accounts.

This paper will be withheld from publication on the Council's website under the Freedom of Information (Scotland) Act 2002, Section 30: prejudicial to the effective conduct of public affairs.

20/40 European Social Funds update (FC/20/26)

The Committee received a paper providing an update on SFC's European Social Fund (ESF) programmes.

This paper will be withheld from publication on the Council's website under the Freedom of Information (Scotland) Act 2002, Section 30: prejudicial to the effective conduct of public affairs.

The Committee **noted:**

[] x 1 paragraph

The Committee welcomed the report and congratulated the team on the hard work undertaken to achieve the results.

20/41 Finance risk register (Oral)

The Committee received an oral update on the Finance risk register, noting that COVID-19 continues to remain the greatest risk on the register and that the residual risk was very high.

20/42 Future meeting dates (FC/20/27)

The Committee received a paper providing the schedule of Finance Committee meeting dates for 2021.

In discussion the Committee noted the schedule commenting that there may be need for some flexibility of dates or additional meetings.

20/43 Long term agenda (FC/20/28)

The Committee received proposed agenda items for future meetings of the Committee.

The Committee noted the Council executive would give consideration to the potential need for an additional Finance Committee meeting before the next scheduled meeting.

20/44 Date of next meeting: 6 October 2020

