

## **Chief Executive's Report**

### **Purpose**

1. This paper provides the Board with an update on current operational issues for noting and provides an update on progress against delivery of our emergency Operating Plan for 2020-21.

### **Current Operational Issues**

#### ***Budget 2021-22***

2. The draft Scottish Government budget 2021-22 was announced on Thursday 28 January. The settlement provides an increase in the college net resource and capital budget of £33.7m (4.8%) and an increase in the university net resource and capital budget of £29.6m (2.7%). There are further COVID-19 consequential that the Scottish Government anticipates will address identified funding pressures in colleges and universities. The combination of funds outlined in the draft budget and these COVID-19 consequential represents a good settlement for the sector. A more detailed update will be provided in a separate paper to the Council Board.
3. We have engaged in an initial series of meetings with Colleges Scotland and Universities Scotland and as plans are further developed we will continue to engage and discuss funding distribution options with the sectors. Indicative allocations will be presented to the Finance Committee on 23 February and then to the full Council Board on 4 March.

#### ***Our People***

4. Since the last Board meeting we have entered into a stricter lockdown and we are likely to be working from home for some time to come. A number of colleagues are once again balancing childcare and home schooling alongside their work commitments. We are conscious of the impact of the ongoing situation on mental health and we have run a number of well attended mental health and wellbeing sessions for line managers and staff. Feedback from these has been very positive and we are considering some measures to help staff manage the current challenges.
5. We told colleagues about the outcome of the Voluntary Exit Scheme on Tuesday 5 January. Since then, the Senior Leadership Group has been

considering the implications of this in the context of our continuing organisational strategy and of building our capacity in an evolutionary way, with a particular focus on the issues we may face in 2021 and beyond. We will say more about likely changes over the next fortnight, working closely with Unite. We will fill new posts and support colleagues through the transition process.

6. Our Investors in People assessment is underway. Colleagues were invited to complete the online survey towards the end of 2020 and one-to-one interviews have been arranged with a small number of colleagues from a cross-section of the organisation.

### ***Funding Announcements***

7. We are dealing with an increase in the number of small amounts of programme funding that need to be distributed to colleges and universities to support Scottish Government commitments. A recent example of this is funding of £730,250 for college and university students' associations. This is ring-fenced Scottish Government money.

### ***COVID-19 Response***

8. **Financial Sustainability:**

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

9. **Term 2:** The Scottish Government announced on 8 January that the return to on-campus teaching would be delayed for the vast majority of university and college students, with a return to campus not expected until the start of March. Exceptions extend to those whose attendance is critical and whose education cannot be delivered remotely or postponed, to those with essential placements, to those who had remained on campus over the winter break, or for reasons of student well-being. Work is now underway to understand the implications of any prolonged lockdown, with concerns being raised about progression and completion as well as satisfying professional, statutory and regulatory bodies (PSRBs).
10. The Minister wrote to universities on 27 January outlining again Scottish Government's guidance and current restrictions. The letter reiterates the guidance on staying at home, noting that the number of people on campus and in term-time accommodation should be kept to a minimum; reaffirms the position on key worker status for university and college staff, noting that there

are no plans to make any explicit categories of further and higher education staff; confirms the position on asymptomatic testing; and sets out expectations about support for students who have been affected by the pandemic. A letter was also issued to students with similar messaging on staying at home and pointing them to a Frequently Asked Questions document and guidance on the Student Information Scotland portal.

11. We continue to work closely with both sectors and to share intelligence with Scottish Government to help support Ministers' decision making. An update on Phase 2 of the staggered return is expected on 2 February and a verbal update on the implications will be provided at the Board meeting.

### ***Brexit***

12. **Research:** The UK-EU trade deal allows the UK to associate to Horizon Europe. Specific details of association will be confirmed when the Horizon Europe regulations are finalised by the EU Commission but it is anticipated that the UK will secure full involvement in the programme. Regulations are at an advanced stage and confirmation could come as early as the end of January, with the UK involved by the time the first grants come online in March 2021. This is good news for the Scottish research community. Less good is the fact that the UK will lose access to the European Innovation Council's accelerator fund. This offers companies grant funding of up to €2.5m. The UK will also no longer be part of the EU's Structural Funds programme. The UK Shared Prosperity Fund will be in place in 21/22 but there are few details to date.
13. **Erasmus+:** The UK Government decided not to remain part of Erasmus+ on departure from the EU, citing excessive cost. In its place, the UK Government will launch its own scheme – the Turing scheme – which will provide £105m of funding for one year to enable students from the UK to study overseas. It does not, however, allow for a reciprocal approach, nor will it support any of the strategic partnerships currently supported by Erasmus+. The Scottish Government has therefore joined forces with the Welsh Government to explore whether they can continue to enjoy the benefits of Erasmus+ through a direct arrangement with the European Commission.
14. **Students from the Republic of Ireland:** Regulations have been laid before Parliament to enable students coming to Scotland from the Republic of Ireland to be eligible for the rUK tuition fee rate from AY 2021-22. They will also have access to a tuition fee loan from Student Awards Agency Scotland (SAAS).

### ***College Statistics***

15. The College Statistics 2019-20 were published on Tuesday 26 January. They show that, despite the challenges of the COVID-19 pandemic, colleges continued to successfully deliver for Scotland and once again exceeded their

annual targets, this year by almost 1,400 FTEs.

16. Although demographic changes mean there are fewer 18 to 19 year olds, colleges still remain an attractive option for young people, with the proportion of that age group participating in full-time college education remaining stable. In the last academic year, one in five young people in Scotland in that age bracket studied full time at college.

### ***Review of Coherent Provision and Sustainability***

17. Work is underway on Phase 2 of the Review, with a focus on the internal development of seven work streams. Some stakeholders are warning us about their potential lack of capacity to engage with our review, given current lockdown restrictions and the need to focus on emergency issues. A full presentation on our review will be provided at the Board meeting.

### **UK Government Policy Developments**

18. The UK Government published a number of further and higher education policy announcements on 21 January. While these announcements are primarily focused on England, some will have implications for Scotland.
  - **DfE consultation on post-qualification admissions:** this could see students receive and accept university offers after they have achieved their A level grades. Given the cross border nature of HE in the UK any changes made by the UK Government will have an impact on Scotland and there is a commitment to engage with the devolved administrations.
  - **Interim conclusions on the Augar Review:** any big financial decisions, including recommendations on whether to reduce tuition fees to £7,500, have been put on hold until the comprehensive spending review. There are, however, plans to rebalance the teaching grant for technical and academic education. Proposals to cut funding for foundation years, on minimum tariff entry requirements and reforms to student finance also remain on the table, with a further consultation expected in spring 2021.
  - **Skills for Jobs White Paper:** This sets out plans to boost higher technical routes and to support people to develop the skills they need to get good jobs, including measures to: give employers a greater say in the development of skills; provide higher level technical skills; provide a flexible, lifetime skills guarantee; simplify and reform funding and accountability for providers; and support outstanding teaching. These proposals are accompanied by a £65 million Strategic Development Fund to put the plan into action and to establish new College Business Centres to drive innovation and enhanced collaboration with employers.
  - **Independent review of the Teaching Excellence Framework:** with the results of the long-awaited review from Dame Shirley Pearce's now published, plans

to introduce a subject-level teaching excellence framework (TEF) have been officially shelved to reduce the burden on providers, with the Government saying that it will become a periodic exercise, “taking place every four or five years”.

19. SFC policy teams will consider how best to engage with these recent announcements and how they relate to Scotland.

### **Strategic Framework Progress Report**

20. We published our Strategic Framework document for 2019-22 in June 2019. The Strategic Framework includes an Operating Plan, setting out priority activities that the organisation planned to undertake in the year ahead. The Operating Plan for 2020-21 was updated last summer to reflect the re-prioritisation of activities in response to the COVID-19 emergency.
21. We introduced a Progress Report in 2019 to provide the SFC Board with a summary of progress made in delivering Operating Plan priorities. A copy of the latest Progress Report is attached at Annex A. It includes a RAG assessment of progress with our Operating Plan actions.
22. The focus of the report is mainly on progress made by SFC, rather than on the performance of colleges, universities and the sectors as a whole. We intend to produce a separate report for the Board later in the year summarising the performance of the sectors, drawing on data from the Higher Education Statistics Agency (HESA), our Further Education Statistics (FES) and other sources.

Annex A 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.

### **Risk Register**

The following two paragraphs and Annex B 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

### **Equality and diversity assessment**

23. There are no equality and diversity issues arising from this report.

### **Financial implications**

24. There are no direct financial implications arising from this paper.

## **Recommendations**

25. The Council is invited to note: the update on current issues; the Strategic Framework Progress Report at Annex A; and the current Risk Register at Annex B.

## **Publication**

26. This paper will be published on the Scottish Funding Council website.

## **Further information**

27. Contact: Karen Watt, Chief Executive, tel: 0131 313 6646, email: [kwatt@sfc.ac.uk](mailto:kwatt@sfc.ac.uk).