

The 124th meeting of the Scottish Further and Higher Education Funding Council was held on Thursday, 4 February 2021 at 10.00am, by video-conference.

Present: Mike Cantlay (Chair)
Karen Watt (Chief Executive)
Douglas Mundie (Deputy Chair)
David Alexander
Sheila Duncan
Mhairi Harrington
Lorna Jack
Professor Ewart Keep
Andy Kerr
Dr Paul Little
Professor Peter Mathieson
Professor Irene McAra-McWilliam
Dr Veena O'Halloran
Caroline Stuart
Professor John Wallace
Professor Lesley Yellowlees

Scottish
Government: Dr Linda Pooley

Observers: Matt Crilly (President of NUS (Scotland))
Helen Raftopoulos (union-nominated observer)

Officers: Martin Boyle
Martin Fairbairn (Secretary)
Dr Stuart Fancey
Richard Hancock
Lorna MacDonald
Claire McPherson (for item 21/07)
Lynne Raeside

Apologies: David Blaney (HEFCW)
David Sweeney (UKRI/Research England)

21/01 Welcome

The Chair welcomed all present.

21/02 Chair's business: declarations of interest

The Chair invited members to indicate if they wished to discuss any of the starred items on the agenda. The papers SFC/21/08 and SFC/21/09 were **noted** without discussion.

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

The following members noted a potential conflict of interest:

- Douglas Mundie in relation to the University of St Andrews and the Institute of Directors.
- David Alexander in relation to West College Scotland
- Professor Ewart Keep in relation to his role as an Associate Fellow of the Scottish Centre for Employment Research, University of Strathclyde.
- Andy Kerr in relation to South Lanarkshire College, New College Lanarkshire and the Scottish Government with respect to Fair Work.
- Mhairi Harrington, as Chair of the Adult Learning Strategic Forum Scotland.
- Dr Paul Little in relation to City of Glasgow College, Glasgow Colleges' Regional Board, Glasgow Chamber of Commerce and co-author of the Cumberland/Little Report.
- Professor Peter Mathieson in relation to the University of Edinburgh.
- Professor Irene McAra-McWilliam in relation to Glasgow School of Art.
- Dr Veena O'Halloran in relation to the University of Strathclyde.
- Professor John Wallace in relation to University of St Andrews and the provision of occasional advice to the Royal Conservatoire of Scotland..
- Professor Lesley Yellowlees in relation to Edinburgh Napier University.

21/03 Chair's report (SFC/21/01)

The Council received a report from the Chair on his key external engagements and other business.

21/04 Minute of the 12 November 2020 meeting (SFC/20/Min07)

The minute of the 12 November 2020 meeting was **confirmed** as a true record of the meeting.

21/05 Action Tracker (SFC/21/02)

The Council received an update on the actions from previous meetings of the Board.

21/06 Chief Executive's Report (SFC/21/03)

The Council received a paper providing a report from the Chief Executive on current operational issues, including an update on progress with the delivery of SFC's emergency Operating Plan for 2020-21 and a copy of the current corporate Risk Register.

In discussion the Council:

- Welcomed the proposed settlement for the sector in the Scottish Government's draft budget, but noted that it was for one year only and therefore there is an issue of sustainability beyond Financial Year 2021-22.
- Acknowledged that the Council would need to consider the impact of the budget settlement on its review of coherent provision and sustainability and on the appetite for change in the sectors.
- Acknowledged that colleges and universities were already receiving funding for Foundation and Graduate Apprenticeships from Skills Development Scotland (SDS) and therefore the presentation of the additional funding to the Council for apprenticeships should be considered carefully.

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

In further discussion, the Council also:

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21/07 2020-21 funding (SFC/21/04)

The Council received a paper seeking approval for five funding

allocations to be made within Financial Year 2020-21.

In discussion, the Council noted:

- The allocation of additional student places in the university sector was a result of changes in the 2020 SQA examination arrangements and that this will need to be continued over the next four years.
- Greater priority will need to be given to upskilling and reskilling the workforce, but the Young Persons Guarantee and National Training Transition Fund will help support individuals and businesses, particularly after the furlough scheme ends.
- That a further analysis of the position on individual colleges and universities will be undertaken to help inform the allocation of funding for student accommodation rebates.

The Council **agreed**:

Additional places relating to changes in 2020 SQA examination arrangements

- That universities are informed of our intention to allocate an additional 1,157 places at a cost of £6.5M for AY 2020-21, subject to confirmation with each university.
- That, because we may need to make some adjustments, up to 1,500 places at a cost of £8.4M can be allocated.
- That the finalised places be rolled forward into AY 2021-22.
- To delegate authority to the Chief Executive to finalise the details of the above.

Young Persons Guarantee (YPG) and National Transition Training Fund (NTTF)

- To delegate authority to the Chief Executive to finalise the allocations for the YPG (£10M) and NTTF (£4.25M) on the basis described in the paper.

College sector financial sustainability funding

- To delegate authority to the Chief Executive to finalise the allocation of college sector financial sustainability funding of up to £13M on the basis described in the paper.

Student support funding

- To delegate authority to the Chief Executive to finalise the re-allocation of £6.7M of student support funding referred to in paragraph 28 of the paper.
- To delegate authority to the Chief Executive, in consultation with the Council Chair and the Chair of the Finance Committee, to finalise the allocations of additional student support funding provided by the Scottish Government.

University and college sector COVID-19 funding for student accommodation rebates

- To delegate authority to the Chief Executive, in consultation with the Council Chair and the Chair of the Finance Committee, to finalise and publish the allocations of additional £10M of Scottish Government funding for student accommodation rent rebates.

21/08 Scottish Government draft budget 2021-22 (SFC/21/05)

The Council received a paper providing a summary of the Scottish Government's draft budget for Financial Year 2021-22 and its implications for colleges, universities, and SFC.

In its discussion the Council:

- Noted the intention that the Financial Transactions programme should target investments in low carbon projects.
- Welcomed the allocation for mental health and noted that it is intended to support both students and staff.
- Acknowledged that there is a role for SFC in enhancing digital learning, and agreed it should be undertaken in a coherent and strategic way.
- Recognised that, as budget consequential have worked through the budget process, SFC has benefited, but the outcome next year cannot be predicted accurately.

21/09 Financial Transactions programme (SFC/21/06)

The Council received a paper setting out progress with the Financial Transactions programme for FY 2019-20 and 2020-21 and seeking agreement on proposals for the use of the funding in FY2020-21.

Three Council board members noted potential conflicts of interest and left the discussion temporarily: Peter Mathieson, Veena O'Halloran, and Lesley Yellowlees.

The Council **noted** that:

- The FY 2020-21 Programme is aimed at supporting carbon reduction projects and more general estates developments which improve the learner experience. The interest rate on the loans is 0.25% per annum. Repayments can be up to 20 years.
- QMPF was engaged to manage the programme.
- Seventeen proposals from eight universities were selected as priorities for funding by an assessment panel and could be funded at the levels requested, a total of £58.127 million.
- Two proposals were judged to be not compliant with the aims and criteria of the programme.
- The Capital Decision Point Committee had considered a paper on the Financial Transactions programme at its meeting in January 2020 and was satisfied that all the proposals were robustly assessed against the criteria, although it was concerned that institutions might not be doing enough to achieve the highest environmental standard in their proposals.

In its discussion, the Council:

- Acknowledged that the proposals would not by themselves make a significant difference to achieving net-zero carbon emissions and therefore they should be considered in the context of their contribution to institutions' wider environmental strategies.
- Agreed that there should be a better link in future between expenditure and the environmental outcomes, which might entail looking again at the metrics used to assess proposals in the future and the criteria.
- Recognised that COP26 provides an opportunity to show what we are doing in Scotland, as well as a platform to develop a new strategy with different expectations about how the sectors use buildings and deliver teaching and learning.
- Requested that the executive discuss with the relevant institutions the potential for improving environmental standards in their proposals, utilising the unallocated funds of £2.7 million for FY 2020-21 if required.
- Noted that the Capital Decision Point Committee was planning to hold a workshop on SFC's approach to the climate emergency and the net zero objective.

The Council **agreed** to

- SFC providing increased leadership to achieve Net Zero campus emissions.
- Engage with institutions on the potential for using their proposals to improve environmental standards.
- Make offers of funding for the 17 projects to be supported in FY 2020-21, subject to positive outcomes from the formal SFC borrowing consent process.
- The requests from two universities to repurpose funding for projects supported under the earlier programmes.
- Delegate authority to the Chief Executive to finalise negotiations and amounts up to the amounts stated in the annex (noting that 13 projects exceed the Chief Executive's delegated authority limit of £1m).
- Delegate authority to the Chief Executive to utilise the unallocated £2.7 million for FY 2020-21 for enhancing the environmental standards in the proposals.

Peter Mathieson, Veena O'Halloran, and Lesley Yellowlees returned to the meeting.

21/10 Use of delegated authority (SFC/21/07)

The Council noted the Chief Executive's use of delegated authority from the period 1 August 2020 to 22 January 2021 under the terms of its Scheme of Delegated Authority.

21/11 Review of coherent provision and sustainability

The Council received a presentation setting out the progress with the review of coherent provision and sustainability and proposals for Phase 2.

The Council covered the following points in discussion:

- The first phase of the review has provided a rich source of material and the Council now has decisions to take about how we take forward the next phase of the review and the balance between the short-term and the longer-term.
- We need to think about what should be the product of Phase 2. There is an opportunity to provide a new administration after the Scottish Parliamentary elections with a set of ambitious recommendations.

- The full range of business organisations should be engaged in the next phase of the review.
- The review should give priority to digital learning and its potential to change radically the current business model of learning.

The Council **endorsed** the approach to Phase 2 as set out in the presentation.

21/12 SEAL Committee minutes (SFC/21/08)

The Council noted the minutes of the SEAL Committee held on 28 October 2020.

21/13 Finance Committee minutes (SFC/21/09)

The Council noted the minutes of the Finance Committee held on 6 October 2020.

21/14 Long-term agenda (SFC/21/10)

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

21/15 Any other business (Oral)

There was no other business

21/16 Next meeting: 4 March 2021.