

## Finance Committee

### Minute

The fortieth meeting of the Finance Committee of the SFC was held on Tuesday, 26 April 2022 at 1.00pm by videoconference.

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

**Officers:** Andrew Millar  
Gavin Bruce  
Gordon Craig  
Gordon Laidlaw  
Gordon McBride  
Karen Watt  
Morag Campbell (item 22/51)  
Richard Maconachie (Secretary)  
Stuart Fancey (item 22/51)  
Sybille Rush (Clerk)  
Tiffany Ritchie

**In attendance:** Peter Hookway (Scottish Government Finance)  
Kamran Durrani (Scottish Government, Tertiary Education)  
Owen McKinstry (Scottish Government Finance)

**Apologies:** Martin Boyle  
Ursula Lodge

### 22/45 Welcome

The Chair welcomed members, officers and visitors to the meeting.

The Chair also welcomed Richard Maconachie, the new SFC Director of Finance, and Lesley Yellowlees.

### 22/46 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.

The following declarations of interest were made:

- Dr Veena O'Halloran – in relation to her former role at the University of Strathclyde
- Professor Ewart Keep – in relation to his role at the University of Strathclyde and with the City of Glasgow College
- Professor John Wallace – in relation to his role at the University of St Andrews
- Mhairi Harrington – in relation to her former role at West Lothian College.

**22/47 Minutes of the previous meeting: 22 March 2022 (FC22Min03)**

The minute of the meeting on 22 March 2022 was **agreed** as a true record of the meeting.

**22/48 Matters arising (FC/22/25)**

The Committee **noted** the paper and actions taken since the last meeting and **agreed** to close the following actions:

***Governance and financial sustainability of the college/university sector - 21/71 and 21/72***

Further development on reporting to the Committee is in progress, however the Committee was content that this action be closed.

***Long-term agenda (FC/22/24) - 22/43***

The Committee **noted** that the review of the self-evaluation questionnaires, an update from the Capital Decision Point Committee and the Finance Risk Register had been deferred to the May meeting.

**22/49 College final funding allocations for AY 2022-23 (FC/22/26)**

The Committee **received** a paper setting out SFC's proposals for final college funding allocations for Academic Year (AY) 2022-23 and outlining the changes from the indicative funding announcement published in March.

This paper will be withheld from publication on SFC'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.

{5 x paragraphs}

The Chair informed the Committee that she was comfortable with EK remaining in the meeting for the discussion, but not taking any part in the decisions being taken.

{4 x paragraphs}

The Committee **welcomed** the pragmatic solutions presented by SFC and was **content** with the details as set out in the paper.

The Committee was **content** to recommend the proposals as set out in the paper to Council Board. EK took no part in the decision.

**22/50 University final funding allocations for AY 2022-23 (FC/22/27)**

The Committee **received** a paper setting out SFC's proposals for final university funding allocations for Academic Year (AY) 2022-23 and outlining the proposed changes from the indicative funding announcement published in March.

This paper will be withheld from publication on SFC'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.

{2 x paragraphs}

The Chair **noted** that there were no direct conflicts of interest, and all members of the Committee could remain in the room.

{3x paragraphs}

The Committee was **content** to recommend the proposals as set out in the paper to Council Board.

**22/51 Research Excellence Grant: allocations update for AY 2022-23 (FC/22/28)**

The Committee **received** a paper setting out proposed amendments to the Research Excellence Grant and the proposed approach to the mitigation of a change in research funding.

The following fourteen paragraphs will be withheld from publication on SFC'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.

{14 x paragraphs}

The Committee was **supportive** of the proposal set out in the paper.

{3 x paragraphs}

**22/52 Governance and financial sustainability in the college sector**

The Committee **received** an oral update providing details on the governance and financial sustainability in the college sector.

The following seven paragraphs 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.

{7 x paragraphs}

**22/53 Governance and financial sustainability in the university sector (FC/22/29)**

The Committee **received** a paper providing an update on the executive's analysis of the university sector's financial results for 2020-21.

This paper will be published on the Council website in edited format (to remove references to specific institutions or forecast 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 **noted** the following key points:

- SFC is not yet able to provide a detailed analysis of the final 2020-21 results due to delays to the Finance Statistics Return from the Higher Education Statistics Agency (HESA).
- Detailed analysis will therefore be reported to the Committee at its May meeting.
- Early analysis has confirmed that the results for most institutions appear to be in line with the forecast.

The Committee **noted** the updated provided.

**22/54 Arms-length foundations: 2020–21 update (FC/22/30)**

The Committee **received** a paper with an annual update on the funds held within Arms-Length Foundations (ALFs), along with details of the inflow and outflow of funds for 2020-21, to provide assurance for 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 the amount held by ALFs has decreased from £99m in 2014 to £18.8m for 2020-21.

{1 x paragraph}

The Committee **noted** the update provided.

#### **22/55 Resource Return (FC/22/31)**

The Committee **received** a paper providing an update on the Financial Year 2022-23 projected spend and re-profiling.

The following five paragraphs 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.

{5 x paragraphs}

#### **22/56 Year-end re-profiling (FC/22/32)**

The Committee **received** a paper providing an update on the Financial Year 2022-23 projected spend and re-profiling.

The following two paragraphs 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.

{2 x paragraphs}

The Chair expressed the Committee's thanks to SFC and SG colleagues for progressing this within a very short timeframe.

#### **22/57 Scottish Government update on 2026-27 Spending Review**

The Committee **received** an oral update on the 2026-27 Spending Review.

The following six paragraphs 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.

{6 x paragraphs}

**22/58 Long-term agenda (FC/22/33)**

The Committee **noted** and **agreed** to the long-term agenda.

The Committee also **noted** that:

- The May meeting will have a particular focus on the Spending Review as well as feedback from the sector on funding allocations.
- There may be a need to take some decisions by correspondence, particularly on the draft annual report and accounts.

**22/59 Future meeting dates (FC/22/34)**

The Committee **noted** the suggested dates for future meetings.

The Committee **discussed** the format of future meetings and **agreed** to raise this with the SFC Board at its next meeting.

**22/60 Date of the next meeting**

The Committee **noted** the date of the next meeting: **31 May 2022**