

Our ref: 254078853

1 July 2020

Richard Lochhead MSP
Minister for Further Education, Higher Education and Science
Scottish Government
St Andrew's House
Regent Road
Edinburgh EH1 3DG

Dear Mr Lochhead,

SFC's review of coherent provision and sustainability

Thank you for your letter of 3 June 2020 inviting us to review how best SFC can fulfil its mission of securing coherent provision by post-16 education bodies, and the undertaking of research in these changing times. On behalf of the Scottish Funding Council I am delighted to accept that commission.

Scotland has a proud tradition of valuing education and influencing the world around us. People in Scotland are among the most highly educated in the world. So, we start this review from a position of strength in our world class universities, colleges and specialist institutions, a globally significant research base, and institutions that serve learners, business and local communities. This matters for our economic prosperity, social and cultural life, international reputation and attractiveness, and the sort of country we want to be.

Covid-19 represents a significant external shock to the further and higher education sectors, to learners, business, researchers, funders, and government. It brings huge uncertainty. Universities and some colleges face substantial financial losses from international fees and other sources of income. All institutions will need to consider the impact for their current business models. Our review will deal with the immediate crisis, in order to influence pre-emptive decisions that may damage our

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longer term capabilities and ambitions; but, importantly, it aims to ensure there is sufficient time to consider complex issues properly, with time to adjust to, and discuss, the future so that we maintain key national assets and capabilities, including significant international connections, and we make collective decisions that safeguard Scotland's economic recovery, research and innovation base, prospects of meeting net zero carbon ambitions, and pipelines of talent for our future workforce.

As set out in your letter, there will be four objectives:

- To consider how best to achieve coherence and sustainability in the delivery of further and higher education during the Covid-19 crisis, EU exit transition and beyond, while maintaining and enhancing quality.
- To ensure the sectors can address the outcomes we need to achieve in Scotland.
- To propose changes needed to SFC's funding, operations, and accountability frameworks in order to respond effectively to new challenges and opportunities.
- To provide advice, where appropriate, to Scottish Ministers on relevant changes to policy, funding and accountability frameworks for tertiary education and research in Scotland.

Our work will draw on a wide range of information and analysis, including our own Strategic Framework, the Cumberland-Little and Muscatelli reports, input from stakeholders and outputs from the work of other Scottish Government COVID-19 sponsored activities.

This review is founded on the premise that we will get the best outcomes if colleges, universities, learner representatives, trade unions, businesses and relevant public sector agencies work with us to shape that conversation, and bring forward and explore options, together with us, for the future. It will also take full account of Fair Work principles and will be based on the understanding that SFC and government will adapt and respond effectively.

The review process will work to have two deadline reporting phases in 2020 (August and December) and we anticipate working through to May 2021 on implementation. We will have two time-horizons throughout 2020 (Academic Year 2020-21 and a longer-term four-year change horizon):

Phase One: June to end August 2020

- Organising the general process around the review

- We will rapidly socialise and consider the focus, phasing and objectives of the review, and the underpinning principles and assumptions.
 - We will set up governance structures and engagement processes
 - We will frame the strategic questions around purpose, outcomes, priorities, organising options and funding that we should test through the review
- Short-term and immediate stabilisation, safe provision, economic recovery and accountability measures for 2020-21
 - Start the process of considering the shape of the further and higher education system, and what needs to change

Phase Two: September to December 2020

- Moving towards more detailed development of options for change.
- Review sustainability assessments when Autumn student numbers are known and further stabilisation measures for institutions have been developed.
- Decide how the quality of provision for students will be evaluated.
- Develop detailed proposals for funding and Outcome Agreement reform.
- Consider the evaluation and quality assurance systems required to share good practice and hold institutions to account into the longer term.
- Develop options for SFC's support for innovation and knowledge exchange.
- Branding and promotion of further and higher education.

Phase Three: January – May 2021

- Develop more detailed delivery and implementation plans
- Calibrate with the outcome of the Scottish Parliament election

We will, of course, work very closely with you and your officials as this work progresses. In particular, we will provide you with an update by the end of August.

Yours sincerely,



Mike Cantlay
Chair