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## Finance Committee meeting minutes

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The 43<sup>rd</sup> meeting of the Finance Committee of the Scottish Funding Council was held on 6 December 2022 at Scottish Enterprise, Apex 1, 99 Haymarket Terrace, Edinburgh.

**Present:**

- Lorna Jack (Chair)
- Professor Ewart Keep
- Professor John Wallace
- Mhairi Harrington OBE
- Dr Veena O'Halloran

**Officers:**

- Richard Maconachie (Secretary)
- Andrew Millar
- Gavin Bruce
- Gordon Craig
- Lesley Aitkenhead
- Paula Haynes
- Sybille Rush (Clerk)
- Tiffany Ritchie
- Ursula Lodge

**Observers:**

- Liz Welch (SFC)
- Wilma MacDonald (SFC)

**Scottish Government:**

- Owen McKinstry

**Apologies:**

- Gordon McBride, Rufus Logan

## 22/94 Welcome

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

## 22/95 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 members declared an interest:

- **Professor Ewart Keep** – in relation to his role as Associate Fellow at a research centre at the University of Strathclyde, and in his role with the City of Glasgow College Board of Management.
- **Professor John Wallace** – in relation to his role at the University of St Andrews.
- **Dr Veena O'Halloran** – in relation to her role as Special Adviser to the Principal of the University of Strathclyde, and her role in supporting the Committee of Scottish Chairs in its review of the Scottish Code of Higher Education Governance.
- **Mhairi Harrington OBE** – in relation to her position as Chair of the Adult Learning Strategic Forum for Scotland.
- **Lorna Jack** – in relation to her position as Chair of Opulus Financial.

## 22/96 Minutes of the previous meeting: 4 October 2022 (FC/22/Min06)

The minute of the meeting on 4 October 2022 was **agreed** as a true record of the meeting.

## 22/97 Matters arising (FC/22/57)

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

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 30: Prejudicial to the effective conduct of public affairs.

The Committee **considered** giving its October 2023 meeting a strategic focus as this will align with the Board meeting in November.

## 22/98 Strategic finance overview and budget update

The Committee **received** an oral report with an overview on strategic finance issues and **noted** the key points.

{13 x paragraphs}

## 22/99 Governance and financial sustainability in the college sector (FC/22/58)

The Committee **received** a paper reporting on the current financial sustainability of the college sector based on analysis of the Financial Forecast Returns for the years 2021-22 to 2026-27.

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 prejudicial to the effective conduct of public affairs (Freedom of Information (Scotland) Act 2002, Section 30).

The Committee **noted** the following key points:

- Colleges are operating in an extremely tight fiscal environment alongside many challenges such as increased staff costs, inflationary pressures, high energy costs and rising interest rates impacting on loan repayments.

{7 x paragraphs}

- The position beyond 2022-23 is uncertain until more guidance is given by the Scottish Government on future year allocations.

{9 x paragraphs}

## 22/100 University sector private placement borrowing (FC/22/59)

The Committee **received** a paper considering universities' arrangements for the repayment and monitoring of their Private Placement borrowing.

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 prejudicial to the effective conduct of affairs (Freedom of Information (Scotland) Act 2002, Section 30).

{4 x paragraphs}

## 22/101 Funding principles and scenario planning (FC/22/66)

The Committee **received** a paper setting out the timeline for publishing indicative and final Academic Year (AY) 2023-24 funding allocations for colleges and universities along with a set of high-level principles and approaches to guide SFC's work on allocations.

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.

The Committee **noted** the key messages and **was informed** that SFC would report back to the Committee at its January meeting to firm up its approach to funding allocations, and the Committee would then consider the allocations at its February meeting.

{8 x paragraphs}

The Committee **was supportive** of the approach presented for Capital Funding.

## 22/102 Available funds reconciled to latest Grant-in-Aid letter (FC/22/60)

The Committee **received** a paper with an update regarding the Financial Year (FY) 2022-23 grant-in-aid allocation to SFC following the Autumn Budget Revision (ABR) and ahead of the Spring Budget Revision (SBR).

This paper is withheld from publication under the Freedom of Information (Scotland) Act 2002, Section 30: Prejudicial to the effective conduct of public.

The Committee **noted** the information provided.

## 22/103 Resource Return (FC/22/61)

The Committee **received** a paper providing a summary of the November resource return to the Scottish Government based on financial information to 31 October 2022.

This paper will be withheld from publication on the SFC website as it includes information which, if disclosed, would be prejudicial to the effective conduct of affairs (Freedom of Information (Scotland) Act 2002, Section 30).

The Committee **noted** the paper.

{3 x paragraphs}

### 22/104 Year-to-date spend and forecast outturn (FC/22/62)

The Committee **received** a paper reporting on the forecast outturn figures as detailed in the Resource Return based on information to 31 October 2022.

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

The Committee **noted** the update provided.

### 22/105 Running costs (FC/22/63)

The Committee **received** a paper providing an update on SFC's running cost position, based on the Period 6 reforecast completed during October and November 2022, and including expenditure against budget to the end of October 2022.

This paper will not be published on the Council website as it includes information which, if disclosed, would be prejudicial to the effective conduct of affairs (Freedom of Information (Scotland) Act 2002, Section 30).

The Committee **noted** the information presented in the paper.

### 22/106 ESF update

The Committee **received** an oral update on ESF programmes in which SFC is participating.

{2 x paragraphs}

### 22/107 Update on review of non-core funds (FC/22/64)

The Committee **received** a paper providing an update on the investment position for Non-core funds and a new process for managing Non-core funds.

This paper will be 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.

{4 x paragraphs}

### 22/108 Update on College Infrastructure Strategy and Dunfermline Learning Campus

The Committee **received** an oral update on developments with the College Infrastructure and the Dunfermline Learning Campus.

{7 x paragraphs}

The Committee **noted** the update provided.

### 22/109 Financial Risk Deep Dive and Risk Register (FC/22/65)

The Committee **received** a paper with a summary of the key financial risks that are currently under management, including a deep dive on specific areas of financial control and governance.

This paper will not be published on the Council website as it includes information which, if disclosed, would be prejudicial to the effective conduct of affairs (Freedom of Information (Scotland) Act 2002, Section 30).

The Committee **noted** the paper and **agreed** that the Risk Register should be moved up the agenda for Board and committee meetings

{9 x paragraphs}

**Action:** SFC to consider placement of the Risk Register on the FC agenda for future meetings.

### 22/110 Recovery and penalties for funded student places in AY 2020-21 (FC/22/67)

The Committee **received** a paper setting out the position for universities and colleges relating to under-recruitment in AY 2020-21 following the analysis of Higher Education Statistics Agency (HESA) and Further Education Statistics (FES) data.

This paper will be withheld from publication as it contains information which – if disclosed – is likely to prejudice substantially, the free and frank provision of advice, the free and frank exchange of views for the purposes of deliberation or would otherwise prejudice the effective conduct of public affairs (Section 30: Prejudicial to effective conduct of public affairs).

The Committee **noted** the paper.

**22/111** Long-term agenda (FC/22/68)

The Committee **noted** the long-term agenda.

**22/112** Date of next meeting

Members **noted** that the next meeting of the Committee would take place on 24 January 2022 via Microsoft Teams.