



**Scottish Funding Council**

Promoting further and higher education

**SFC/18/28**  
**Agenda item 12**  
**26 April 2018**

## **Use of delegated authority**

### **Purpose**

- To report the Interim Chief Executive's use of delegated authority during the period 1 December 2017 until 31 March 2018.

### **Recommendation**

- Note the use of the Chief Executive's delegated authority from 1 December 2017 until 31 March 2018, under the Council's scheme of delegation.



## Use of delegated authority

### Purpose

1. This paper asks Council to note the use of the Interim Chief Executive's delegated authority during the period 1 December 2017 until 31 March 2018.

### Background

2. The Council's agreed scheme of delegation is:

Money	'Risk'	Decided by
Up to £500,000	Low/Medium/High	Chief Executive
£500,001 to £5M	Low/Medium	Chief Executive
£500,001 to £5M	High	Council board
Above £5M	All	Council board

### Use of delegated authority

3. Under the scheme of delegation in operation the Interim Chief Executive has approved the following actions under delegated authority from the Council.

### Consents

4. Borrowing consent was granted to the University of Stirling on 15 December 2017. The University is borrowing an additional £30 million by means of a private placement to be repaid over a period of 25 to 30 years. This is in addition to existing borrowing of £70 million but the University plans to repay £20 million of existing borrowing so, overall, there will be a net increase in borrowing of £10 million. Funds will be used to finance planned redevelopments of the sports facilities and Campus Central building. Consent was granted subject to the University putting in place suitable treasury management policies and procedures to ensure that sufficient cash is built up to meet bullet repayments as they fall due.
5. 'Blanket' borrowing consent was granted for the universities listed below which had been awarded Financial Transactions through the University Carbon Reduction Fund. It is expected that the financial impact of these transactions will be minimal given that loan repayments will be broadly in line with savings generated from the investment. The loans are interest-free and repayable over a seven-year period. In addition, paragraph 19 of the Financial Memorandum highlights that

low-value financial commitments can be ignored in determining when Council's formal consent is required in respect of capital finance arrangements:

- “In assessing total capital finance commitments, the institution must ignore low-value financial commitments, provided that the combined annualised servicing costs of such financial commitments do not exceed 0.5% of total income.”
- The annual loan repayments for each of the institutions listed below represents less than 0.5% of total income.

Abertay	UCRF. LED Lighting	£905,000
	UCRF. Street Lighting & Solar PV	£171,000
Dundee	UCRF. Solar PV and LED Lighting	£294,981
Edinburgh	UCRF. SFC Carbon Reduction Programme	£5,191,910
Edinburgh Napier	UCRF. LED Campus Programme	£146,099
	UCRF. Solar PV Programme	£408,000
Glasgow	UCRF. Decentralised Humidification in Animal Housing	£470,000
Heriot-Watt	UCRF. Boiler Replacement Programme	£440,000
	UCRF. Renewable Energy Generation	£1,644,000
QMU	UCRF. Energy Efficiency Improvements – 2017/18	£116,958
RGU	UCRF. Energy and Carbon Reduction programme 2017/18	£394,017
St Andrews	UCRF. SMART Campus	£4,981,235
Stirling	UCRF. Solar PV and LED Project	£335,212
Strathclyde	UCRF. CHP and Heating Project	£852,528
UWS	UCRF. LED Lighting Upgrade	£208,662
	UCRF. BMS Controls Optimisation	£99,547
		<b>£16,659,149</b>

## FE Capital funds

6. No FE capital funds were approved under delegated authority during this period.

## HE Capital funds

<b>Grant Line/project</b>	<b>Glasgow School of Art (GSA) Scottish Government (SG) Pledge</b>
<b>Delegation element</b>	SG Ring fenced grant confirmed by the GSA development Trust on 4 January 2018
<b>Amount and purpose</b>	Letter of 4 January 2018 from the GSA Development Trust confirmed that GSA had received £5million from the Trust for the specific purpose of the Mackintosh Campus Appeal. On this basis, SFC released in February the £5million in matched funding pledged by the Scottish Government.
<b>SG strategic priorities</b>	The highest standards of governance and financial accountability in HEIs to ensure the efficient and effective running of these bodies
<b>Identified risk</b>	Low

## FE programme funds

<b>Grant Line/project</b>	<b>Access: New College Lanarkshire ELS funding</b>
<b>Delegation element</b>	General delegated authority, on advice from the Strategic Funding Group by correspondence in November 2017.
<b>Amount and purpose</b>	<p>Following an analysis of Lanarkshire activity (in particular New College Lanarkshire) it was identified by Funding colleagues that the volume of Access &amp; Inclusion premium (formerly Extended Learning Support (ELS)) funded in Lanarkshire was not commensurate with the demographics of the region. This analysis identified that at least an additional £750,000 of Access &amp; Inclusion premium was required in Academic Year 2017-18 in the region to meet need. In future years this will be embedded in core funding however for AY 2017-18 it requires a Strategic Funding intervention to meet the needs of students.</p> <p>Access &amp; Inclusion premium provides specialised support for individual students with particular educational support needs who are studying on a mainstream programme, and underfunding this area of learning support puts at risk the success of crucial outcomes within college Access and Inclusion Strategies. This additional support can also be expected to approve retention rates.</p>
<b>SG strategic priorities</b>	<p>High quality learning in a learning system which is seamlessly connected for the learner, including learning which prepares people well for the world of work and successful long term careers, prioritising provision that meets known skills gaps in the economy</p> <p>Access to education for people from the widest range of backgrounds, including implementation of the recommendations of the Commission on Widening Access and addressing gender balance among student intakes for some key subjects</p> <p>Colleges working in partnership to maximise the impact of the learning on offer in colleges to individuals, society, and the economy</p>
<b>Identified risk</b>	Low

<b>Grant Line/project</b>	<b>Effective Institutions: New College Lanarkshire VS funding</b>
<b>Delegation element</b>	General delegated authority, on advice from the Strategic Funding Group by correspondence in February 2018.
<b>Amount and purpose</b>	<p>SFC has already been supporting the College in the development of a Business Plan to address its financial challenges. The draft business plan, covering a three year recovery period, includes a reduction in staff to be delivered through voluntary severance.</p> <p>Funding of up to £866,000 was offered in November 2017 to initiate a voluntary severance scheme in AY 2017-18.</p> <p>The scheme, which was open to all staff, has now closed; there were more applications than expected. The College has carefully assessed all the applications, taking into account costs/savings (including the cost of upgrading existing posts where applicable), and business needs (both in relation to curriculum and support staff posts). The total number of staff to be accepted for VS is 31, with a further 7 posts under further consideration (38 in total).</p> <p>The College has prepared detailed costings which show total costs of £1,090,100 for 38 members of staff, with annual savings of £1,517,426. The costs are £225k in excess of the strategic grant already agreed by SFG and therefore SFG approved an uplift of £225k at its February meeting.</p>
<b>SG strategic priorities</b>	<p>The highest standards of governance and financial accountability in colleges to ensure the efficient and effective running of these bodies.</p> <p>SFC operating as a highly effective public body working collaboratively with others to maximise its impact on individuals, society, and the economy.</p>
<b>Identified risk</b>	Medium

<b>Grant Line/project</b>	<b>Effective Institutions: Ayrshire college cash flow support</b>
<b>Delegation element</b>	General delegated authority, on advice from the Strategic Funding Group at its meeting on 5 March 2018.
<b>Amount and purpose</b>	<p>The College is facing pressure on its cash flow at March 2018, due partly to the payment profile of SFC student support funding. The available amount of grant is not sufficient to cover its student support expenditure in the Financial Year. This has led to the College having insufficient cash to cover necessary expenditure in March 2018. The College has asked for an advance of £908,000 cash to cover its immediate cash shortage.</p> <p>The College will be able to repay this advance within the Academic Year to 31 July 2018.</p>
<b>SG strategic priorities</b>	<p>High quality learning in a learning system which is seamlessly connected for the learner, including learning which prepares people well for the world of work and successful long term careers, prioritising provision that meets known skills gaps in the economy</p> <p>The highest standards of governance and financial accountability in colleges to ensure the efficient and effective running of these bodies</p>
<b>Identified risk</b>	Medium



## HEI programme funds

<b>Grant Line/project</b>	<b>Ring-fenced SG funding - Support for Industry/Academia Links: Converge Challenge</b>
<b>Delegation element</b>	General delegated authority to accept and award ring-fenced offers of grant from Government, on advice of the Strategic Funding Group 5 February 2018.
<b>Amount and purpose</b>	£1,029,000 over AYs 2018-19 to 2020-21. Converge Challenge works with universities and entrepreneurs to help nurture innovative ideas and develop the entrepreneurial skills and mindset of staff, students and recent graduates. It helps to refine and accelerate the pipeline of spin-outs and start-ups from Scottish Universities and Research Institutes by providing high quality training and practical support to help develop fledgling businesses into investor ready companies.
<b>SG strategic priorities</b>	High quality learning; ensuring provision of quality learning in Scottish HEIs; internationally competitive and impactful research; effective knowledge exchange and innovation, including excellent collaboration between universities, colleges and industry; SFC operating as a highly effective public body collaboratively with others to maximise its impact on individuals, society and the economy.
<b>Identified risk</b>	Low

### Publication

7. This paper will be published on the SFC website following the Council meeting.

### Recommendation

8. The Council is asked to note the use of the Chief Executive's delegated authority from 1 December 2017 until 31 March 2018, under the Council's scheme of delegation.

### Further information

9. Contact: John Kemp, Interim Chief Executive (tel: 0131 313 6637, email: [jkemp@sfc.ac.uk](mailto:jkemp@sfc.ac.uk)).