



The 110th meeting of the Scottish Further and Higher Education Funding Council was held on Thursday 6 December at 10.30am, at 99 Haymarket Terrace, Edinburgh.

**Present:** Mike Cantlay (Chair)  
John Kemp (Interim Chief Executive)  
David Alexander  
Mhairi Harrington  
Professor Maggie Kinloch (items 18/121 to 18/129)  
Paul Little  
Douglas Mundie (Deputy Chair)  
Dr Keith Nicholson  
Dr Veena O'Halloran  
Caroline Stuart  
Marlene Wood (Deputy Chair)  
Professor Lesley Yellowlees

**Officers:** Martin Fairbairn (Secretary)  
Dr Stuart Fancey  
Richard Hancock  
Lorna MacDonald  
Sheila Meehan (Clerk)  
Lynne Raeside  
Joshua Bird  
Matt Paterson  
Morven Pritchard

**Scottish Government:** Paul Smart  
Danielle Hennessy

**Observers:** Liam McCabe (President of NUS Scotland)  
Dr Alyson Thomas (HEFCW)

**Apologies:** Professor Sir Anton Muscatelli

**18/121 Welcome**

The Chair welcomed Liam McCabe of NUS Scotland, Alyson Thomas of HEFCW and Danielle Hennessy and Paul Smart of the Scottish Government to the meeting.

**18/122 Chair's business: papers for discussion and declarations of interest**

On behalf of the Council board, the Chair expressed his thanks and appreciation for John Kemp's leadership of SFC as Interim Chief Executive. He noted that it was great credit to John and all the staff that the organisation had continued to deliver successfully during this period.

The Chair invited members to indicate if they wished to discuss any of the starred items on the agenda. Paper SFC/18/95 was unstarred for discussion and the recommendations contained within paper SFC/18/96 were **agreed** without discussion.

The Chair reminded Council 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 potential conflicts of interest:

- David Alexander for agenda items 4, 7, 10 and 12.
- Veena O'Halloran for agenda items 9 and 10.

**18/123 Minute of the 9 November 2018 meeting (SFC/18/Min06)**

The minute of the 9 November 2018 meeting was confirmed as a true record of the meeting.

**18/124 Action tracker (SFC/18/85)**

The Council received an update on the actions from previous meetings of the Board and noted progress on those actions.

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

[ ] × 1 paragraph

**18/125 Chair's report (SFC/18/86)**

The Council received and noted a paper providing a report from the Chair on his recent external engagements.

The Chair confirmed that:

- He had attended the Research and Knowledge Exchange Committee meeting on 5 December and that the quality of SFC's committees was excellent.
- SFC's committee structure allowed for greater scrutiny of specific areas and that the Scottish Government should take advantage of that knowledge base.

**18/126 SFC Strategic Plan Performance Report and Risk Register (SFC/18/87)**

The Council received a paper providing the latest version of SFC's Strategic Plan Performance Report and Risk Register.

The following two paragraphs are 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

[ ] × 2 paragraphs

The Council **agreed** with the Interim Chief Executive's assessment that progress was on track.

***Risk Register***

In discussion the Council noted the changes listed and **agreed** that, for risk appetite, functions would be placed in one area of classification only.

**18/127 SFC's Corporate Plan (SFC/18/88)**

The Council received a paper setting out a timetable and proposals for developing the Scottish Funding Council's new Corporate Plan.

In discussion the Council noted that:

- The description of the Plan should reflect the intent that it is pitched as a high-level and long term strategic document.
- Early and frequent engagement with the Minister would be built in to the development of the Plan.
- It was important that the Plan contained SFC's strategic intent and was challenging.

The Council **agreed** to the proposals and timetable for developing SFC's new Corporate Plan.

**18/128 Chief Executive’s Report (SFC/18/89)**

The Council received and noted a paper providing a report from the Interim Chief Executive on matters of current interest.

The Interim Chief Executive advised that he had met with the Chief Executives of the four UK funding bodies and a plan for regular engagement going forward would be implemented.

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[ ] × 1 paragraph

**18/129 Outcome Agreements progress update (SFC/18/90)**

The Council received a paper informing on progress with the negotiation of the 2019-20 outcome agreements (OAs) and updating on the delivery of previous outcome agreements.

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[ ] × 1 paragraph

**18/130 Innovation Centre programme – Phase 2 (SFC/18/91)**

The Council received a paper requesting approval of SFC’s contribution to the Construction Scotland Innovation Centre (CSIC) phase two business plan and to delegate authority to the Interim Chief Executive to agree, with the funding partners, the final contractual arrangements.

In discussion the Council noted:

- CSIC’s work with colleges, leveraging of industry and public sector contributions and its estimated impact on the economy.
- The reputational benefit and recognition received from outwith Scotland associated with the Innovation Centre programme.
- That the long term vision for the Innovation Centre Programme will be brought to RKEC and Council.
- The schedule for future consideration of the remaining Innovation Centres being assessed for a Phase 2 investment.

Lesley Yellowlees temporarily left the meeting.

The Council **agreed** to approve SFC's contribution to the CSIC phase two business plan of £7.98m for 5 years from AY2018-19 and delegate authority to the Interim Chief Executive to agree, with the funding partners, the final heads of terms and contractual arrangements.

Lesley Yellowlees returned to the meeting.

**18/131 Financial Transactions FY 2018-19 (SFC/18/92) and Capital Decision Point Committee minutes (SFC/18/95)**

The Council received and noted a paper updating on progress with deploying Financial Transactions (FTs) funding in FY 2018-19 and the unconfirmed minutes of the Capital Decision Point Committee meeting of 20 November 2018.

In discussion the Council noted:

- The process for consideration of the proposals, the projects recommended for funding, and that one proposal had been withdrawn due to time constraints.
- That, for planning purposes, the universities would welcome multi-year awards in future.
- That Council would investigate, at its January 2019 meeting, other potential alternative sources of funding for both universities and colleges.
- The aim of the Capital Decision Point Committee to, in a time of restricted funds, attempt to get projects to a shovel-ready position to allow rapid movement when funds were released.
- That repayment timeframes were tied to the nature of the project, 'invest to save' or learner experience, and were decided on a case by case basis.

Caroline Stuart and Veena O'Halloran temporarily left the meeting.

The Council **agreed** to:

- Approve the offers of funding for the three projects which were over the Interim Chief Executive's delegated authority limit of £5m.
- Delegate authority to the Interim Chief Executive to finalise negotiations and make offers of funding to all the projects selected as priorities for funding, of up to the amounts stated in the paper.
- Delegate authority to the Interim Chief Executive to re-deploy any remaining funds out of the total £40m available, in line with the basis set out in the paper.

While the recommendations noted above were approved by the Council, one member abstained.

Caroline Stuart and Veena O'Halloran returned to the meeting.

**18/132 Use of delegated authority (SFC/18/93)**

The Council received a paper reporting on the Interim Chief Executive's use of delegated authority during the period 15 August 2018 until 16 November 2018.

**18/133 Access and Inclusion Committee minutes (SFC/18/94)**

The Council received the unconfirmed minutes of the Access and Inclusion Committee meeting of 14 November 2018.

**18/134 Research and Knowledge Exchange Committee minutes (SFC/18/96)**

The Council received the unconfirmed minutes of the Research and Knowledge Exchange Committee meeting of 11 October 2018.

**18/135 Long-term agenda planning (SFC/18/97)**

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

The Council **agreed** that an item on the Innovation Centre Programme – Phase 2 would be added to the March 2019 meeting.

**18/136 Update from observers (Oral)**

The Council received updates from the observers.

The Interim Chief Executive advised that it was Paul Smart's last meeting as he was retiring and thanked him for his support and work with SFC over the previous two years.

**18/137 Next meeting: 30 January 2019**