

Minister for Higher and Further Education; and
Minister for Veterans
Graeme Dey MSP



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Mike Cantlay OBE
Chair of the Board
Scottish Funding Council

BY EMAIL
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1 June 2023

Dear Mike,

SCOTTISH FUNDING COUNCIL: 2023–24 LETTER OF GUIDANCE

I am writing to set out strategic guidance on my expectations and priorities for the Scottish Funding Council (SFC) in 2023-24, as the national body for tertiary education, research, and knowledge exchange.

The work of SFC should be in line with the Scottish Government's ambitions in this area, as set out in the National Strategy for Economic Transformation (NSET), the Policy Prospectus launched in April 2023, and the National Performance Framework. You have published a five-year strategic plan (2022-27), which I welcome. I look forward to SFC delivering the objectives set out in this plan and through your Delivery Plan for 2022-24.

Ministers will need to carefully consider Scottish Government's response to the recommendations of the Independent Review of the Skills Delivery Landscape and other ongoing reviews. It may therefore be necessary to update this Letter of Guidance following our response.

The challenging operating context, fiscal constraints and the need for public sector reform will require effective decision making and clear accountability from all of us, and I am keen that we retain regular dialogue.

I expect SFC to focus on the delivery of high quality provision to meet the needs of learners, employers, communities and regional economies. I welcomed the announcement of final funding allocations to the sectors for the upcoming academic year 2023/24 and am keen for SFC's work on evolving its funding distribution methods and models to align with our policy ahead of the 2024/25 allocations.

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Given the pressures on public finances, I would like to see SFC play an active role in our efforts to determine how further flexibilities can be extended to Scotland's colleges, so that these key institutions are better empowered to deliver outcomes for learners efficiently whilst maintaining sound financial assurance and sustainability. SFC should continue to support research excellence and encourage connections across the research community and broader networks to find innovative solutions to the complex challenges we face in Scotland and globally.

Together with Skills Development Scotland (SDS), SFC has a role to play in the delivery of the NSET to agreed timescales, including the projects in the Shared Outcomes Framework. I expect SFC to evaluate progress and disseminate the learning through continued engagement with the Shared Outcomes Assurance Group. SFC will have a role to play across the wider range of NSET programmes as well, and I expect this to continue, including the commitment to embed first rate entrepreneurial learning across the education and skills systems. In line with our ambitions, the work of SFC should continue to support Scotland's just transition to Net Zero.

In accordance with wider Public Service Reform, SFC, like all public bodies will need to deliver all possible efficiency savings to sustain the delivery of public services within budget allocations for 2023/24. We expect efficiency measures to align with the wider reform agenda for tertiary education. SFC should also support colleges and universities in using their funding allocations strategically, and intervene where necessary, to identify efficiencies and opportunities for reform which enables them to meet the needs of learners more effectively.

I urge SFC to continue promoting Fair Work principles and adhere to commitments to apply grant conditionality as set out in the Bute House Agreement and in alignment with Scottish Government strategic guidance.

I would like to extend my thanks to you, your fellow Board Members, and all staff at SFC for your hard work and leadership over the past year. As I settle into this new Ministerial post, I am conscious of the vital role our further and higher education sectors play in supporting inclusive economic growth and improving the life chances of the people of Scotland. I look forward to working together over the coming year to enable our colleges and universities to deliver these outcomes. If you have any questions, I and my officials will be happy to discuss.



GRAEME DEY MSP

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