



The ninety-seventh meeting of the Scottish Further and Higher Education Funding Council was held on Friday 17 March 2017 at 9.30am, at the SFC offices, Haymarket Terrace, Edinburgh.

- Present:** Professor Alice Brown (Chair)  
Robin Crawford (Vice-Chair)  
John Kemp (Interim Chief Executive)  
Paul Little (items 17/33 to 17/38)  
Lorraine McMillan  
Douglas Mundie  
Professor Anton Muscatelli  
Dr Keith Nicholson (by teleconference) (items 17/22 to 17/32)  
Dr Veena O'Halloran  
Professor Albert Rodger  
Caroline Stuart
- Officers:** Michael Cross  
Stephen Crowe (items 17/22 to 17/38)  
Martin Fairbairn (Secretary)  
Stuart Fancey  
Lorna MacDonald  
Sheila Meehan (Clerk)  
Andrew Youngson (items 17/22 to 17/32)
- Scottish Government:** Paul Smart (items 17/22 to 17/32)
- Observers:** David Blaney (HEFCW)  
Claire Chapman  
Vonnie Sandlan (NUS (Scotland))
- Apologies:** Audrey Cumberford  
Professor Maggie Kinloch  
Marlene Wood  
Roddy Macdonald (Scottish Government)  
HEFCE representative
- In attendance:** Chris Brodie (Skills Development Scotland) (items 17/22 to 17/23)  
Neville Prentice (Skills Development Scotland) (items 17/22

to 17/23)

Lisa Pattoni (Skills Development Scotland) (items 17/22 to 17/23)

**17/22 Welcome**

The Chair welcomed Vonnie Sandlan of NUS (Scotland), David Blaney of HEFCW and Paul Smart of the Scottish Government to the meeting.

The Chair also welcomed Claire Chapman to her last meeting.

**17/23 Jobs and Skills in Scotland presentation**

The Chair welcomed Chris Brodie, Lisa Pattoni and Neville Prentice from Skills Development Scotland to the meeting and they provided a presentation on *Jobs and Skills in Scotland*.

The Council noted that the presentation covered:

- What had happened in the Scottish labour market since the most recent economic recession
- What the forecasts predicted and potential disruptors
- Implications for the Scottish skills system.

The Council also noted:

- That Scotland had a different economic recovery and recession response to the rest of the UK
- The hourglass labour market effect and occupational shifts
- That technology would have a massive impact on future employment and job opportunities, with an increase in the 'gig' economy as well as expectations for adaptive and resilient skills
- The need to recognise regional variations
- It would be beneficial for school pupils to have more life skills and work based learning to ensure they were more ready for employment or further training/education.

The Council advised that:

- While there was a digital skills shortage, the available places were half filled by EU, not Scottish students, and there was a need for greater interaction with schools to ensure that digital skills are valued and chosen by young people in Scotland
- Reskilling and conversion courses (Masters level etc) would be valuable for professionals leaving the oil and gas, or other, sectors due to economic downturns, to help retain the skills within Scotland rather than losing talent to better career prospects internationally

**17/24 Chair's business: papers for discussion and declarations of interest**

The Chair invited members to indicate if they wished to discuss any of the starred items on the agenda. No papers were unstarred for discussion and the recommendations contained within papers SFC/17/23 to SFC/17/26 and SFC/17/29 to SFC/17/31 were **agreed** without discussion.

The Chair reminded Council members of their responsibility to indicate if they have, or may be perceived to have, a conflict of interest under any item.

The following members confirmed potential interests as follows:

- For paper SFC/17/25, Veena O'Halloran (University of Strathclyde)
- For papers SFC/17/21 and SFC/17/28, Anton Muscatelli (University of Glasgow)
- For paper SFC/17/22, Martin Fairbairn (Glasgow Colleges' Regional Board).

Should a potential conflict arise the member would leave the meeting during consideration of that item.

**17/25 Chair's report (SFC/17/15)**

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

The Council received and noted the draft standing orders for the Capital Decision Point Committee (CDPC).

The Council **agreed**:

- That an amendment be made at paragraph 11 of the CDPC standing orders: 'and contribution' to be added after 'attendance'
- Following the requested text amendment, to approve the standing orders for the Capital Decision Point Committee.

The Council members noted that they would be contacted directly to assess their availability for becoming members of the Committee.

**17/26 Minutes of the 27 January 2017 meeting (SFC/17/Min01)**

The Council considered the minute of the 27 January 2017 meeting and confirmed that it was a true record of the meeting.

**17/27 Action tracker (SFC/17/16)**

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

The Council **agreed** that an addition be made to the action tracker as follows:

- Council agreed that, if there were any available funds in year, the University Innovation Fund would be prioritised for an increase of funding.

**17/28 Long-term agenda planning (SFC/17/17)**

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

The Council **agreed** that the following items would be added to the long term agenda:

- An item on business transformation and delivery, both in the college and university sectors and at SFC, be added to the August Council meeting
- An item on risk be added to the long term agenda in November.

The Board noted that an additional Council meeting would be taking place in April/May to approve the final funding allocations to colleges and universities.

### **17/29 SFC's Performance Report (SFC/17/18)**

The Council received SFC's Performance Report and Risk Register.

Professor Alice Brown left the meeting temporarily.

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

Professor Alice Brown returned to the meeting.

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The Interim Chief Executive advised that:

- The Student Support Review, of which he is a member, was progressing apace and the interim report would be published shortly
- It was recognised that flexibility of workforce was key for SFC to be able to meet the demands and workload that it had to deal with and several options were being progressed to take this forward

- SFC was working closely on the details of the Teaching Excellence Framework to ensure that Scotland had fed in to the process and that where possible there was consistency with the Scottish quality methodology
- SFC were preparing a response to the *Building our Industrial Strategy: Green Paper* consultation following feedback from the universities, Innovation Centres and the Research and Knowledge Exchange Committee.

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

**17/30 Chief Executive's report (SFC/17/19)**

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 attended a meeting that week with the Deputy First Minister, the Minister for Further Education, Higher Education and Science and the Minister for UK Negotiations on Scotland's Place in Europe, with the university sector, to discuss the implications of Brexit. It had been a useful meeting and was helpful to the sector to ensure that the Scottish Government and the sector had a shared understanding of the issues, particularly as the potential impact was considerable. SFC would continue to engage closely both with the sectors and with Scottish Government on this.

**17/31 Enterprise and skills review: progress update (SFC/17/20)**

The Council received a paper updating on the Scottish Government's Enterprise and Skills Review.

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**17/32 Outcome Agreements 2017-18: update on progress and strategic issues (SFC/17/21)**

The Council received a paper advising on progress in both finalising the 2017-18 outcome agreements, and on delivering previous outcome agreements.

The Council noted that:

- Discussions were progressing well and the outcome agreements would be finalised in the next few weeks
- There had been good progress on expansion of the senior phase of the Developing the Young Workforce programme though overall numbers remained a very small proportion of all college provision.
- The positive improvement in articulation could be better communicated.

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**17/33 Glasgow Colleges' Regional Board: fully operational fundable body status (SFC/17/22)**

The Council received a paper setting out the Council executive's assessment of regional governance arrangements in Glasgow region, particularly in relation to Glasgow Colleges' Regional Board (GCRB) procedural readiness to assume the full funding, monitoring and financial responsibilities required by a fundable body.

Paul Little and Martin Fairbairn left the meeting temporarily.

The Council noted that:

- The Council executive were assured that concerns had been addressed and governance was robust at GCRB
- The funding system had been set up and, under GCRB's direction, SFC would pay the money to the colleges direct from the GCRB bank account

- To ensure accountability, GCRB would have read only access to the account and SFC would make payments through its normal processes from the GCRB account, which maintained appropriate segregation of duties
- The colleges would work together to refine the curriculum for the region as necessary, with GCRB's direction
- SFC would continue its monitoring and oversight of GCRB and the colleges as was appropriate using its risk-based approach to monitoring of governance and financial health of colleges
- NUS (Scotland) was pleased to report that Student Association funding had been ring-fenced by GCRB and that the students had fed-back positively and been well treated through the process.

The Council **agreed** to grant GCRB fully-operational fundable body status.

Martin Fairbairn returned to the meeting.

**17/34 Action Plan responding to recommendations from Audit Scotland (SFC/17/23)**

The Council received and noted a paper providing an update on how the recommendations from four Audit Scotland reports were being addressed.

**17/35 Use of delegated authority (SFC/17/24)**

The Council noted the report of the Interim Chief Executive's use of delegated authority during the period 1 December 2016 until 28 February 2017.

**17/36 Strategic Funding – projects over £5 million (SFC/17/25)**

The Council received and noted a paper requesting programme funding for JISC and the Schools for Higher Education Programme (SHEP) which were above the Interim Chief Executive's delegated authority level.

The Council **agreed** the strategic funding for JISC and SHEP.

**17/37 SFC Equality Outcomes annual report (SFC/17/26)**

The Council received and noted a paper summarising progress and key messages as set out in the soon to be published Equality Mainstream Report and the new set of Equality Outcomes.

**17/38 Access and Inclusion Committee minutes (SFC/17/27)**

The Council received the unconfirmed minutes of the Access and Inclusion Committee meeting of 28 February 2017.

Paul Little returned to the meeting.

The Council noted that:

- The Committee was keen for SFC to take a more active role in relation to gender and equality in institutions, and would be using the Gender Action Plan to achieve that
- A distributed model of leadership was being used across SFC to respond to the recommendations of *A Blueprint for Fairness* report
- Professor Peter Scott attended the last Committee meeting and informed the Committee of his background and approach to the role of Commissioner for Fair Access and his aim to work in partnership with SFC and the institutions to have a positive impact on access for Scotland
- SFC was willing to commission relevant research for Professor Scott and would work closely with him to ensure that he had the information needed to support him.

**17/39 Finance Committee minutes (SFC/17/28)**

The Council received the unconfirmed minutes, and selected papers, of the Finance Committee meeting of 9 March 2017.

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**17/40 Remuneration Committee minutes (SFC/17/29)**

The Council received the unconfirmed minutes of the Remuneration Committee meeting of 27 January 2017.

**17/41 Research and Knowledge Exchange Committee minutes (SFC/17/30)**

The Council received the unconfirmed minutes of the Research and Knowledge Exchange Committee meeting of 9 February 2017.

**17/42 Skills Committee minutes (SFC/17/31)**

The Council received and noted the unconfirmed minutes of the Skills Committee meeting of 2 February 2017.

**17/43 Any Other Business (Oral)**

The Council received an update from David Blaney, Chief Executive of HEFCW, on expected changes to HEFCW following on from the Diamond Report (which provided recommendations on student support and higher education funding in Wales) and Hazelkorn Report (which reviewed post-compulsory education in Wales, with special reference to the future role and function of the Higher Education Funding Council for Wales (HEFCW)).

The Council then received an update from Vonnie Sandlan, President of NUS (Scotland), on student associations and initiatives and the forthcoming student elections. She confirmed that the new President of NUS (Scotland) would be announced at the NUS Conference, taking place the following week. She thanked the Board and staff for their help over the years.

Claire Chapman, who had been shadowing the Board as part of her *Women on Boards* training thanked the Council executive for their support and confirmed that the experience of shadowing the Board had been beneficial for her and that she was actively looking for a Board position. The Chair wished her, on behalf of the Board, the best of luck going forward.

**17/44**      **Next meetings:** Funding Allocations: 28 April 2017  
Strategy: 19 May 2017  
Business: 23 June 2017.