



Scottish Funding Council
Promoting further and higher education

Comhairle Maoinachaidh na h-Alba
A' brosnachadh foghlam adhartach agus àrd ìre

Financial Year 2010-11



Annual Report and Accounts
for the year ended 31 March 2011

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Foreword



John F McClelland CBE
Chair

Every year brings challenges beyond those we set for ourselves in the pursuit of our corporate plan. This has been especially true this year where reductions in the level of the national budget for further and higher education for the next academic year have demanded much of the Scottish Funding Council in terms of supporting the college and university sectors at a time of change.

One of the most important decisions we made in responding to this was to announce a provisional allocation of our main grants for both sectors in December 2010, four months earlier than our usual formal funding announcements for the next academic year. In doing so we sought to give colleges and universities additional time to prepare for 2011-12. Although this placed a considerable workload on both the Council's board and executive it proved to be of real value to institutions in managing their forward planning. We were able to confirm allocations shortly after the Budget Bill was passed by the Scottish Parliament and to provide additional funding for extra places and student support in the college sector.

Although there are reductions in funding for the academic year 2011-12 numbers of places are being maintained and by working closely with both sectors and with the Scottish Government, we have made strategic decisions that also safeguarded key areas of provision and support including our Research Excellence Grant which remained at £213 million. We have maintained our annual investment of £20 million for widening access and the student support allocation for colleges was increased by £10 million.

The period covered by this report saw the coming to fruition of projects and initiatives that have been part of our portfolio for some time. In Glasgow, three city centre colleges announced their merger to form the

City of Glasgow College creating a new dynamic in the provision of college education in the city and opening up significant opportunities for partnerships with businesses, communities and other education providers. We were able to recognise as "completed" major new college estates projects at Langside, Anniesland and Aberdeen as part of our long-term project to provide inspiring and sustainable learning environments for the twenty first century. Meanwhile work began on new Council-funded campuses for Forth Valley and Banff and Buchan colleges and we continued the groundwork for future investments in Glasgow city centre, Kilmarnock and Inverness.

The end of 2010-11 saw us two years into our current Corporate Plan with significant progress across all seven of our priority areas. Some examples of this are given in the "review of activities" section below but this is by no means a full account of all the work that has taken place across these important areas of development. In this short foreword I would like to illustrate how work in just one of those priority areas is contributing in a very tangible way to Scotland's future economic wellbeing.

Knowledge exchange – the whole area of innovation through the interaction of discovery and enterprise – is a priority that has a particular significance in the current economic climate. Our approach has been one that is demand-led and clearly focussed on sectors of the economy with the highest potential to create economic growth.

Last year we invested in 10 such projects and announced a further 10 at the end of 2010-11. All these projects are initiated by businesses working with universities to forge a competitive advantage for Scotland in areas such as energy, the creative industries, finance and life sciences. This March, in the first event of its type, we brought together all 20 projects – academics and industry representatives – to exchange experiences and ideas. Projects that began last year are already achieving successes and looking across the spectrum of activity represented that evening gave a real sense of what can be achieved by aligning these two forces to make a positive contribution to Scotland's future prosperity.

Elsewhere, in wider access, skills, research, collaboration, diversity and supporting effective institutions we continue to follow the ambitions we share with the sectors and others to develop and improve through partnership and strategic initiatives.

The ability of our organisation to meet the challenges of future change was reinforced at the end of 2010 when we maintained our “Investors in People” status. Developing our staff to match the changing needs of our work will be continue to be the foundation of the value we provide to Scotland’s colleges, universities, learners and employers.

To conclude, the overall picture of our activity this year is one where we have worked hard to meet the demands of a changing funding environment and to maintain our commitment to long-term goals. In doing so we have, I believe, shown a flexibility of approach and an ability to provide leadership in difficult times.

Chief Executive and Accountable Officer's Report

The Scottish Further and Higher Education Funding Council (SFC) was established on 3 October 2005 under the terms of the Further and Higher Education (Scotland) Act 2005. SFC is a Non-Departmental Public Body (NDPB) of the Scottish Government and as such its work is governed by the terms of a Management Statement and Financial Memorandum agreed with its sponsor directorate – the Scottish Government Employability, Skills and Lifelong Learning Directorate (SGESLLD). The Council is financed by grant-in-aid from its sponsor directorate's Parliamentary account.

The Council's main statutory responsibilities are to secure:

- coherent provision by the college and university sectors of high quality further and higher education; and
- the undertaking of research.

The Council does this by:

- developing policies and strategies which support Scottish Government priorities, meet its statutory duties, and contribute to the Council's vision and Corporate Plan objectives for further and higher education;
- implementing policies and strategies through its investment of public funds in colleges and universities;
- ensuring that the quality of teaching is enhanced and assessed – working with colleges, universities, student representative bodies and the quality assessment agencies (HMIE in the college sector and the Quality Assurance Agency (QAA) in the university sector);
- monitoring the financial health and sustainability of colleges and universities in order to safeguard the interests of learners, the public investment of funds, and the reputation of further and higher education in Scotland;

- collecting, evaluating and publishing relevant statistical data and other evidence about further and higher education; and
- providing advice to the Scottish Government on further and higher education and other relevant issues.

The Council also provides resources to colleges to support students on further education programmes. Funding for students on higher education programmes is provided by another body: the Students Award Agency for Scotland (SAAS).

Corporate Plan priorities

Following a period of consultation with colleges, universities and other stakeholder bodies, the Council submitted a Corporate Plan to the Scottish Government setting out its priorities for the period 2009-12. The Plan was approved by the Cabinet Secretary for Education and Lifelong Learning on 30 April 2009 and was published in summer 2009. The Plan is available on the Council's website www.sfc.ac.uk/corporateplan.

The Plan contains seven priority outcomes that the Council is seeking to achieve with Scotland's colleges and universities – and the actions that it will take to help achieve the outcomes.

Outcome 1 – Employability and Skills: Working with Scotland's colleges, universities and other partners, we will seek a system of further and higher education in which, through the provision of high quality education and learning, students have enhanced their general and specific skills, their confidence, self-reliance, motivation, knowledge and capacities in ways that:

- meet the needs and expectations of employers in Scotland, the rest of the UK and internationally, and which address the particular economic demands of this Plan period;
- lead to an improved utilisation of skills in the workplace; and
- contribute to improved personal, social, civic and cultural outcomes for the people of Scotland.

Outcome 2 – Access, Inclusion and Progression:

Working with Scotland's colleges, universities, and other partners we will seek – within the wider learning environment in Scotland, including the context of *Curriculum for Excellence* – a continuum of learning provision into, within and between colleges and universities which:

- has multiple entry and exit points – fully mapped on to the Scottish Credit and Qualifications Framework – and which provides access to and progression through learning opportunities in ways, times and places that meet individuals' needs, including the particular needs of people seeking work in the economic downturn;
- allows individuals over time to develop their skills and capacities for learning without the need for unnecessary repeated study;
- is underpinned by a system of financial support for students that targets support where it is most needed, so that, as far as practicable, opportunities to learn are determined solely by a person's capacities and ambition; and
- continues to address uneven patterns of participation in education and promotes equality and diversity.

Outcome 3 – Knowledge Exchange: Working with Scotland's colleges and universities, and our key delivery partners, we will aim to achieve:

- an effective, demand-driven exchange of knowledge and expertise with business and public and third sector organisations, which enhances competitiveness and promotes economic growth;
- the formation of new knowledge-based businesses;
- easy access for small and medium-sized enterprises (SMEs) to the facilities and services of colleges and universities; and
- continued investment in Scotland to exploit knowledge, develop solutions, and demonstrate applications.

Outcome 4 – Specialism and Diversity: Working with Scotland's colleges and universities, we will seek a structure of autonomous institutions that, through specialism and diversity of mission, provides students, researchers, research investors, businesses and

other stakeholders with a broad and comprehensive range of opportunities for learning, research and knowledge exchange.

Outcome 5 – Collaboration: Working with Scotland's colleges and universities, we will support academic or institutional collaboration in different forms – whether on a geographical, subject, sectoral/cross-sectoral or other basis – where the end is to secure accessible, coherent, efficient and effective provision, internationally competitive research, and the efficient and effective operation of colleges and universities.

Outcome 6 – World-class Research: Working with Scotland's universities, we will support a research base that:

- remains highly competitive internationally;
- nurtures, attracts and supports world-class and internationally excellent researchers in Scotland; and
- attracts high levels of project support from research councils, charities, business and the public sector.

Outcome 7 – Effective Colleges and Universities: We will support the development of college and university sectors with well led, well run, financially sound colleges and universities which meet all the legal and other requirements placed upon them, including those relating to employment, diversity, equality and sustainability.

Review of activities

The Council's main activities in support of its Corporate Plan priorities have included:

In skills and employability

Through our core funding for teaching we secured further and higher education for 207,000 students in universities and 357,548 students in colleges.

We agreed to fund a £4.7 million investment that is designed to create over 2,500 work placement opportunities over the next three years. The investment will fund four new projects operating within sectors such as energy, IT and finance which have been identified as areas for future economic growth. There will also be work placements created in the charity and voluntary sectors. The projects are partnerships between colleges, universities, or both working with employers, industry bodies and sector skills councils.

We also continued to fund colleges through our Partnership for Continuing Employment (PACE) grant stream to increase the employability of people who had been made unemployed as a result of the economic downturn.

In access, inclusion and progression

We held our annual Learning for All conference on 15 March 2011. Jointly hosted with National Union of Students (NUS) Scotland, the event attracted over 160 policy makers and practitioners actively involved in access and inclusion.

The conference is now one of Scotland's most important forums for debate and innovation in this area looking, amongst other things, at the Council's yearly review of progress towards making further and higher education more widely accessible.

In pursuing the objectives of its 2005 report into access and inclusion, the Council continues to support the momentum for change in this important area of equality and opportunity.

In knowledge exchange

As well as providing core funding for knowledge exchange infrastructure in institutions, we responded to the need to invest in Scotland's future economic wellbeing by announcing two rounds of demand-led knowledge exchange projects.

With a total investment of £14.3 million in the two programmes, one beginning in April 2010 and the second getting underway in March 2011, we are supporting 20 projects designed to reap both the creative and economic benefits of collaborations between business and universities.

In keeping with our strategic focus, these projects support key industry sectors. In energy, for example, we are funding a project to integrate renewables into the electricity network; in the creative industries we are funding work into developing new media audiences for Scotland's creative output and in IT we are funding a project to enhance the competitiveness of Scottish companies developing cloud computing technologies.

In specialism

We announced additional funding to rural colleges to help them tackle the effects of the economic downturn in their areas. Eighteen colleges across Scotland benefited from £1 million, which was targeted at colleges which were classed as very remote, remote, or island colleges. The funding was designed specifically to help these colleges to assist small rural businesses to deal with challenging economic circumstances.

It also provided additional places to meet the increased demand from young and unemployed people in areas of specialism that would lead to future employment.

The 2011-12 grants letter protected the funding of small specialist institutions in recognition of the difficulties they face because of their size and from the curriculum demands of their respective specialities.

In collaboration

A major achievement during this year was the creation of the new City of Glasgow College through a complex merger process involving three city centre colleges. This has been an initiative with which the Council has been involved through its statutory requirement to ensure "coherent provision" and through its role in investing in the fabric of the college estate in Scotland. The new City of Glasgow College has brought a new momentum to HE and FE provision in Scotland's largest city and its future accomplishments will play a major part in the development of Glasgow's economy and social wellbeing.

Elsewhere, the new West Highland College was created following the merger of Lochaber and Skye and Wester Ross Colleges.

The Council also provided advice to Scottish Ministers on the merger of Edinburgh College of Art and the University of Edinburgh.

In research

Our research excellence grant supports the research base in Scotland, with an emphasis on the highest quality research.

We continued our work with Scottish universities and the funding councils of England and Wales on a major project to develop a new model for assessing research excellence from 2014 onwards.

In March 2011 we became a funding partner in a ground-breaking venture to establish a Technology Innovation Centre (TIC) at the University of Strathclyde. The TIC is a demand focussed, international centre for research, commercialisation and private research and development in energy technology. The Council's contribution to the £90 million project is £15 million.

In developing effective institutions

Three major Council investments in the college estate were completed this year: a £35 million project at Langside, a £45 million project at Anniesland and a £15 million state-of-the-art Construction Training Facility at Aberdeen College. We continued work on our portfolio of projects in progress including campus developments at Banff and Buchan and Forth Valley Colleges and on preparing for future investments at Inverness, City of Glasgow and Kilmarnock colleges.

Ongoing financial efficiency continues to be a focus of our work in this area. Our main grants announcement in March 2011 introduced a new Invest to Save fund for colleges and universities to support initiatives within the sectors to provide future efficiency savings. On a practical, operational level, Council funded Advanced Procurement for Universities and Colleges (APUC) programme continues to deliver savings through collaborative purchasing for both sectors.

Developing effective institutions also includes our work in supporting green initiatives where we continue to fund the Universities and Colleges Climate Commitment for Scotland. Over 90 per cent of universities and colleges have now signed the Commitment which, amongst other undertakings, will see them creating five year climate change action plans.

Key performance indicators

The Council and other bodies, such as the Scottish Government and the Higher Education Statistics Agency (HESA), publish regularly a wide range of indicators and measures about further and higher education, and research in Scotland. The following is a selection of key performance indicators which relate to the Council's statutory duties and responsibilities. The indicators measure performance from 2005-06 onwards.

Volume of Council funded provision

This is a measure of the Council's effectiveness in allocating resources and applying conditions of grant to achieve the target planned numbers of students and activity set by the Scottish Government. It also measures the responsiveness of colleges and universities to the minimum target student numbers set by the Council.

Colleges

Weighted Student Units of Measurement (WSUMs) of Council funded student provision (compared to Scottish Government targets)¹:

2005-06	2,215,737	Exceeded target by 1.9%
2006-07	2,319,359	Exceeded target by 1.2%
2007-08	2,377,718	Exceeded target by 2.4%
2008-09	2,405,761	Exceeded target by 3.6%
2009-10	2,440,782	Exceeded target by 3.3%

Source: SFC Further Education Statistics (FES).

Note

¹ For a course leading to a recognised vocational qualification in a college, one student unit of measurement (SUM) relates directly to one module or credit in the course. For other courses that do not lead to recognised qualifications, one SUM equates to 40 hours of student learning. SUMs are then weighted to reflect the differing costs of courses in different subjects (WSUMs). A Further Education course that delivers at least 18 credits (SUMs) qualifies for a full-time tariff of 20 SUMs whilst a Higher Education course that delivers at least 12 credits qualifies for a full-time tariff of 15 SUMs.

Universities

Full-Time Equivalent (FTE) of Council funded student provision (compared to Scottish Government targets)¹:

2005-06	137,325	Exceeded target by 1.3%
2006-07	140,537	Exceeded target by 1.3%
2007-08	144,580	Exceeded target by 2.0%
2008-09 ²	149,664	Exceeded target by 3.3%
2009-10	154,924	Exceeded target by 6.9%
2010-11	154,441	Exceeded target by 7.8%

Source: SFC Early Statistics Return (ESR).

Notes

¹ FTE is the unit by which provision of education in universities is measured.

A full-time course or research study involves the student in an average of at least 21 hours study a week for periods of at least 25 weeks per year. A student on a full-time course has an FTE conversion factor of one.

² The Council assumed responsibility for funding the Scottish Agricultural College (SAC) on 1 August 2007. The figures for 2005-06, 2006-07 and 2007-08 do not, therefore, include SAC.

Since 2005-06, the college and university sectors have achieved or exceeded Scottish Government targets.

External research income

These are measures of the volume and percentage share of external research income won by Scottish universities and indicate the competitiveness of Scotland's research relative to the rest of the UK.

	External research income (£m)	As a share of total UK external research income	As a share of total income of Scottish higher education institutions (HEIs)	Ratio of external research income to Council quality-based research funding
2005-06	389	12.5%	18.9%	2.45
2006-07	431	12.8%	19.1%	2.41
2007-08	492	13.2%	19.8%	2.57
2008-09	574	13.9%	21.6%	2.86
2009-10	601	13.8%	21.4%	2.85

Source: HESA Financial Statistics Return and SFC Main Grant Letters.

The figures show the continuing success of Scottish universities in securing a high share of UK research grant income, and in leveraging Council funding.

Knowledge exchange income to universities

This is a measure of the income generated by universities in Scotland from knowledge exchange activities.

Income (£M):	2005-06 ¹	2006-07	2007-08	2008-09	2009-10
Industry, commerce and public bodies	61	80	89	97	85
Other external research grant and contract income	68	73	79	95	98
Consultancy and CPD income	94	118	132	136	142
Licensing income	8	15	8	7	7
Proof of concept income	4	4	3	5	3
Other knowledge transfer income	54	23	22	18	25
Total income	289	313	333	358	360
Deflated ²	289	302.4	310.4	320.0	324.3
Proportion of Gross Value Added (GVA)	0.33%	0.33%	0.33%	0.35%	0.35%

Source: SFC Knowledge Transfer Metrics Return.

Notes

¹ The figure for 2005-06 does not include the Scottish Agricultural College.

² Deflated using Retail Price Index (RPI) series with 2005 as the base year.

Despite the economic downturn, total income grew year-on-year, both in real terms and as a proportion of Scottish Gross Value Added (GVA).

Financial sustainability

These are measures which, taken together, show the effectiveness of the management of institutional resources to achieve long-term financial sustainability. The measures are calculated from information supplied in institutions' published financial statements; the figures are sector-wide.

Colleges

Operating surplus/(deficit) as a percentage of total income:

2005-06	2006-07	2007-08	2008-09	2009-10
0.6%	1.7%	1.4%	0.2%	2.8%

Reliance on public sector income as a percentage of total income:

2005-06	2006-07	2007-08	2008-09	2009-10
74.2%	74.0%	73.5%	74.4%	75.3%

Borrowing as a percentage of total income:

2005-06	2006-07	2007-08	2008-09	2009-10
7.9%	6.1%	8.1%	7.9%	7.5%

Liquidity (net cash expenditure days):

2005-06	2006-07	2007-08	2008-09	2009-10
57	78	115	80	104

Universities

Operating surplus/(deficit) as a percentage of total income:

2005-06	2006-07	2007-08	2008-09	2009-10
1.3%	1.2%	1.3%	0.5%	1.3%

Reliance on public sector income as a percentage of total income:

2005-06	2006-07	2007-08	2008-09	2009-10
60.5%	60.8%	61.0%	60.3%	61.3%

Borrowing as a percentage of total income:

2005-06	2006-07	2007-08	2008-09	2009-10
13.1%	11.3%	13.1%	11.8%	11.7%

Liquidity (net cash expenditure days):

2005-06	2006-07	2007-08	2008-09	2009-10
55	61	79	79	78

In terms of institutions' operating surplus or deficit, in the college sector, the 2009-10 results were affected by the impact of pensions indexation adjustments; and 2008-09 results were impacted by one-off restructuring and estates-related costs. In the university sector, operating surplus as a percentage of income has remained fairly constant at around 1% of total income.

Reliance on public sector income has stayed fairly constant at around 74-75% of total income over recent years in the college sector. Similarly, in the university sector, this ratio has remained constant in recent years though at a lower level of 60-61%. Overall college sector borrowing is reasonably low with many colleges having nil borrowing. There are higher levels of borrowing in the university sector though the ratio has reduced from 13.1% in 2007-08 to 11.7% in 2009-10.

Liquidity has improved in the college sector over recent years despite significant capital programmes at many colleges. A similar pattern is shown in the university sector with liquidity remaining constant in recent years.

Source: Consolidation of annual accounts from colleges and universities.

Quality of learning provision

This is a measure of the quality of learning in colleges and universities; every college is reviewed in a four-year cycle by HMIE and every university in a four-year cycle by the QAA for Scotland. The data presented below accounts for review activity to date in the current cycle, which spans from academic year (AY) 2008-09 to AY 2011-12. Both HMIE and QAA report their judgments in terms of 'confidence' statements. The outcomes can be:

- Confident
- Limited confidence
- Not confident

Caveats can be added to any statement without, however, substantially changing the overall judgement.

In colleges, HMIE carries out external review and provides four judgements which relate to the key principles of high quality learning, learner engagement and quality culture. In addition, each external review reports on college strengths, main points for action, and signposts sector-leading practice or excellence.

Following an Enhancement-led Institutional Review (ELIR) in the university sector, QAA provides a single confidence statement on an institution's management of academic standards, and of the assurance and enhancement of the student learning experience.

Each ELIR report also provides a commentary on: the effectiveness of the institution's management of the student learning experience; the effectiveness of the institution's arrangements for institution-led monitoring and review of quality and academic standards of awards; and the effectiveness of the institution's implementation of its strategic approach to quality enhancement.

Colleges

Statements	Number of colleges ¹
Four statements of confidence, no caveats	15
Four statements of confidence, one caveat	4
Four statements of confidence, two caveats	3
Four statements of confidence, three caveats	3
Four statements of confidence, four caveats	3
Limited confidence	0
Not confident	0
To be reviewed	16

Source: HMIE, www.hmie.gov.uk

Note

¹ The total number of colleges includes the City of Glasgow College and the three colleges from which it was formed (Central College, Glasgow College of Nautical Studies, and Glasgow Metropolitan College).

Universities

Judgement	Number of universities ¹
Confidence, no caveat	6
Confidence, with caveat	3
Limited confidence	0
Not confident	0
ELIRs remaining this cycle	10

Source: QAA Scotland, www.qaa.ac.uk/scotland.

Note

¹ The total number of universities does not include The Open University, which is assessed by QAA UK.

All of the outcomes of external review to date have been positive, in both sectors. Overall, these results confirm the soundness of the quality of learning in Scottish colleges and universities. Scottish colleges and universities are committed to offer high quality learning, and the underpinning ethos of quality assurance and enhancement ensures that both sectors continually strive to continuously improve the learning experiences they provide.

Quality of estates: condition and suitability

These are measures of the effectiveness of college and university institutional governance in sustaining and developing the long-term quality and suitability of its physical resources.

Colleges

Condition of buildings (percentage of total gross internal area):

	2005-06	2006-07	2007-08	2008-09	2009-10
A: As new ¹	16.7%	20.3%	23.0%	25.8%	29.4%
B: Sound	34.2%	36.4%	36.5%	28.7%	32.8%
C: Operational	46.6%	41.6%	38.9%	42.6%	34.3%
D: Inoperable	2.5%	1.7%	1.6%	2.9%	3.5%

Source: eMandate and SFC.

Note

1 Royal Institute of Chartered Surveyors building maintenance information standard definitions:

A – As new.

B – Sound: space operationally safe and exhibiting only minor deterioration.

C – Operational: space for which major repair or replacement needed in the short to medium term (generally 3-5 years).

D – Inoperable: space at serious risk of major failure or breakdown.

Functional suitability of buildings (percentage of total gross internal area):

	2005-06	2006-07	2007-08	2008-09	2009-10
I: Very Good ¹	19.4%	23.4%	28.7%	25.9%	34.9%
II: Good	35.1%	34.8%	32.7%	30.0%	28.3%
III: Satisfactory	34.7%	29.2%	24.1%	32.6%	28.6%
IV: Unsatisfactory	10.8%	12.6%	14.5%	11.5%	8.2%

Source: eMandate and SFC.

Note

1 I – Very Good: space that is very well suited to its purpose.

II – Good: space that is suitable for its purpose despite minor weaknesses.

III – Satisfactory: space that is less than ideal but any disadvantages are judged to be either not serious enough to create real problems or are capable of being remedied using current resources.

IV – Unsatisfactory: space for which the disadvantages are such that use is possible only at excessive cost or with extreme difficulty or is limited in time.

Universities

Condition of non-residential buildings (percentage of area):

	2005-06	2006-07	2007-08	2008-09	2009-10
A: As new ¹	15.8%	13.7%	15.8%	13.7%	11.3%
B: Sound	36.7%	43.7%	44.6%	46.3%	48.2%
C: Operational	43.6%	37.8%	34.4%	35.0%	37.7%
D: Inoperable	3.9%	4.8%	5.2%	5.0%	2.8%

Source: Estate Management Statistic/HESA.

Note

1 Royal Institute of Chartered Surveyors building maintenance information standard definitions:

A – As new.

B – Sound: space operationally safe and exhibiting only minor deterioration.

C – Operational: space for which major repair or replacement needed in the short to medium term (generally 3-5 years).

D – Inoperable: space at serious risk of major failure or breakdown.

Functional suitability of non-residential buildings (percentage of area):

	2005-06 ¹	2006-07	2007-08	2008-09	2009-10
Grade 1: Excellent ²	22.7%	24.1%	26.4%	27.8%	25.3%
Grade 2: Good	64.5%	46.9%	47.3%	46.2%	52.3%
Grade 3: Fair	12.8%	26.6%	23.7%	23.8%	20.3%
Grade 4: Poor	0.0%	2.4%	2.6%	2.2%	2.1%

Source: Estate Management Statistic/HESA.

Notes

1 Due to poor data quality, the figures for 2005-06 are not comparable fully with subsequent years.

2 A measure of the capability of a space to support its existing function:

Grade 1 – Excellent: the room(s)/building(s) fully support current functions.

Grade 2 – Good: the room(s)/building(s) provides a good environment for the current function in all or most respects.

Grade 3 – Fair: the room(s)/building(s) provides a reasonable environment for current functions in many respects, but has a number of shortfalls.

Grade 4 – Poor: the room(s)/building(s) fail to support current functions and/or are unsuitable for current use.

In recent years, steady progress in the overall condition and functional suitability of both sectors' estate has been made, as the impact of a decade of investment has made its mark. However, with a significant proportion of the estate of both sectors built during the 1960s and 1970s – a period generally recognised as presenting disproportionate challenges regarding repair, maintenance, efficiency and effectiveness – the investment needs for the maintenance and renewal of the sectors' estate continue to be significant.

Efficiency of the Council's operations

This is a measure of the efficiency of the Council's operations. Running cost expenditure expressed as a percentage of programme expenditure (excluding one-off accommodation refurbishment and dilapidation costs):

	Running-cost expenditure £'000	Programme expenditure £'000	Percentage
2005-06	8,526	1,423,481	0.60%
2006-07	8,559	1,776,156	0.48%
2007-08	8,452	1,829,583	0.46%
2008-09	8,857	1,762,747	0.50%
2009-10	8,666	1,915,037	0.45%
2010-11	9,126	1,905,858	0.48%

The figures show that the Council's running-cost expenditure has remained at 0.5 per cent or below of running-cost expenditure since 2006-07.

Corporate governance

The Council is accountable to the Scottish Government for the stewardship and management of its affairs.

Members of the Council's Board are appointed by Scottish Ministers and have a collective responsibility for the proper conduct of the Council's affairs. Members have full and timely access to all relevant information to enable them to perform their roles effectively. Members' roles and responsibilities are described in the *Code of Conduct for members of the Scottish Further and Higher Education Funding Council*. The register of members' interests is available on the Council's website at www.sfc.ac.uk/about_the_council/council_board_committees/council_membership/council_membership.aspx

The Chief Executive of the Council is designated as the Council's Accountable Officer by the Principal Accountable Officer of the Scottish Administration, in accordance with sections 14 and 15 of the Public Finance and Accountability (Scotland) Act 2000.

The Council has established seven Council committees to advise it on specific responsibilities or undertake specific functions; these meet either regularly on given cycles or as required. Two of these committees are established under statute; the Skills Committee and the Research and Knowledge Exchange Committee.

The Access and Inclusion Committee advises the Council on access and inclusion matters and on the implementation of *Learning for All*, including monitoring the progress of key themes from the plan.

The Investment Committee supports the Council in its role as a strategic body. It allocates funds from the Horizon Fund for Universities, college strategic funds and college and university capital funds to support the Council's strategic aims, within the delegated limits set by Council. The Committee also considers, at a strategic level, proposed estate and infrastructure developments within and across the sectors and allocation of funds in relation to these, within delegated limits. Other responsibilities include monitoring the use of allocated funds and considering their effectiveness, providing the Council with draft advice to Scottish Ministers on mergers within and between the university and college sectors and draft advice on post-merger evaluations. The

Committee also considers matters relating to regional coherence projects.

The Research and Knowledge Exchange Committee has a role to respond to, recommend and advise the Council on research and knowledge exchange strategy, policy and funding issues relevant to Scottish universities and colleges (taking into account the international dimension), with broad areas of advice including regular analyses of strengths, weaknesses, opportunities and threats in the areas of research and innovation support and prioritisation in the use of the Council's resources. The Committee also works with enterprise agencies and other stakeholders to give Council advice on a strategy for innovation and support of knowledge exchange for sustainable economic growth.

The Council is advised on finance, risk and internal control matters by its Audit and Compliance Committee. The Committee's responsibilities include: overseeing the Council's financial monitoring of institutions; value for money; monitoring the Council executive's management of the Council's Risk Register; the review of internal controls and other internal audit matters; consideration of the Council's Annual Report and Accounts and oversight of the management of the Council's compliance with legislation and regulation. A description of the Council's audit process and risk management is given on page 24.

The Quality, Equalities and General Purposes Committee oversees the Council's statutory function to ensure that provision is made for assessing and enhancing the quality of fundable further and higher education, taking account of the Council's related statutory duty to secure coherent provision of a high quality of further and higher education. The Committee is also responsible for the oversight of: the Council and the executive in relation to the Council's equality and diversity agenda; and the functioning of the executive.

The remit of the Remuneration Committee is to determine the broad framework for the remuneration, including performance and related elements, of the Chief Executive in agreement with the Scottish Government and in consultation with the Chief Executive to determine the broad framework and level of remuneration for directors. It also confirms the annual increase of the remuneration of the Chair and

council members within Scottish Government limits. When appropriate, the Committee will also determine the selection process and recommend the appointment of the Chief Executive to the Scottish Government and provide guidance to the Chief Executive in relation to the selection and appointment of directors.

The Skills Committee is a statutory committee of the Council and is central to the work of Skills Development Scotland (SDS) advising both Boards on skills needs of and policies for Scotland. The Committee collects, monitors and evaluates evidence on skills needs in Scotland and on the supply of, and demand for, learning and training solutions.

Further details of the remits and memberships of all the Council committees are given on the Council's website at www.sfc.ac.uk/about_the_council/council_board_committees/council_committees/council_committees.aspx. Council members' attendance for all previous and current committee meetings in 2010-11 is given on page 18.

The Council annually assesses its performance and considers the implications of this assessment for improving its effectiveness. The process involves both a questionnaire sent to all members of the Board (completed anonymously) as well as one-to-one interviews with each member by the Chair.

Openness and transparency

The Council is committed to the principles of openness and transparency in its work and seeks to publish – in an accessible form – as much information about its functions, decisions and operations as is reasonably possible.

The Freedom of Information (Scotland) Act 2002 requires every Scottish public authority to adopt and maintain a Publication Scheme, and publish information in accordance with that scheme. A copy of the Council's Publication Scheme can be found on the Council's website at www.sfc.ac.uk/about_the_council/our_conduct/about_conduct_access.aspx.

Continuous improvement

The Council and its staff are committed to the continuous improvement of the performance of the organisation. The Council is a member of Quality Scotland and is recognised as an organisation that is 'Committed to Excellence' under the European Foundation for Quality Management in Excellence Model. During 2009-10, the Council commissioned EKOS Ltd to undertake an independent survey of its stakeholders to gain their views on the Council's effectiveness and performance. The outcomes of the survey have been published on the Council's website and will inform the organisation's quality enhancement plans and its communications and external relations strategy.

Equal opportunities

The Council is committed to equality of opportunity in its employment and operational practices. As an employer, it considers employment applications from all sections of the community against the specific requirements of each post, appointing and promoting on the basis of merit. This commitment to equality is also applied to the Council's staff in terms of training and development opportunities and through the terms and conditions of employment that the Council practices.

The Council has developed a single Equalities Scheme and Action Plan which sets out how it will meet its legal duties in relation to race, disability and gender equality, and in relation to other equalities issues.

Investors in People

Investors in People (IiP) is a national quality standard which sets a level of good practice for improving an organisation's performance through its people. The Council was reassessed and successfully awarded IiP in July 2010.

The Council continues to promote individual training and development linked to organisational goals, as it believes that this plays a key part in the retention and motivation of staff and also organisational performance.

Employee involvement

Staff involvement is actively encouraged as part of day-to-day management. Staff are kept advised of the Council's activities through de-briefings following Council meetings, regular meetings between staff and management and through seminars on the work of colleagues and stakeholders. Information on the activities of the Council and its various committees is available to all staff. Formal and informal consultation with the trade union is carried out on a regular basis.

Sustainability report

The Council's Sustainability Report is available on the Council's website www.sfc.ac.uk. The Council signalled its commitment to support the Scottish Government's policy on sustainable development by creating an Environmental Working Group (EWG) from volunteers across the Council's executive. The Council started from a good baseline with several 'green measures' in place.

The Working Group developed an environmental policy along with realistic and achievable objectives and targets. These covered the Council's internal operations as well as promotion of sustainable development in Scotland's colleges and universities.

The objectives and targets can be split into four broad headings:

- energy;
- resource use – waste;
- travel; and
- biodiversity.

The intranet, staff newsletter and notice boards are used to provide information on environmental achievements, promote energy efficient practices and behaviour by all staff, and encourage staff to practice the "4 R's" – reduce, reuse, repair and recycle.

Energy

Figures show our energy usage during 2010 has decreased by 9%. Our total usage this year equates to 284 tonnes of CO₂ (2009-10: 312). We are working towards reducing this figure through continuous monitoring of our energy consumption, with 'walk-around audits' being completed to ensure previously implemented energy reducing measures

are still in place and being applied. Our 'Switch Off' campaign continues and has been embraced by staff.

Resource – waste

From our baseline figures for 2004-05 our paper consumption has now fallen by 77%. This is a further 64% reduction on 2009-10 figures. Notwithstanding, the reduced consumption, recycling of paper in 2010-11 increased to 13.4 tonnes (2009-10: 7.7 tonnes) due in part to a clear out of old paperwork preceding the vacation of our premises at 95 Haymarket Terrace.

In 2006-07 we introduced recycling facilities for aluminium cans and plastic bottles and, as part of our office refurbishment this year, individual waste bins have been removed to encourage greater use of communal recycling facilities. During the period we have recycled 29kg of aluminium cans (2009-10: 15kg) and 184.5kg of plastic bottles and Tetra drink cartons (2009-10: 90kgs), giving a saving on waste to landfill.

Facilities to recycle glass and business cardboard were introduced during 2009, however, this is managed by the building manager and includes all tenants in the building therefore we can only note our participation.

Travel

In 2006-07 we introduced the use of City Single and Airlink bus tickets. This is also in line with our reduction of taxi use within Edinburgh. A statement noting our commitment to sustainable travel is set out on our website and on all travel and subsistence claim forms.

Social and community issues

We took part in our third Water of Leith Big Annual Clean Up, which is arranged by The Water of Leith Conservation Trust. Thirty staff volunteered to take part in helping to clean up sections of the river. We aim to continue our support and participate in future years.

We have an ongoing commitment to ensure that all chemicals we use, such as cleaning agents, are eco-friendly and do not cause harm to the environment.

Remuneration Report

for the year ended 31 March 2011

The sections marked ‘*’ in this Remuneration Report have been audited by Audit Scotland. The other sections of the Remuneration Report were reviewed by Audit Scotland to ensure that they were consistent with the financial statements.

Remuneration policy

A Remuneration Committee reviews and determines, on an annual basis and within the context of budgetary constraints and Scottish Government guidance, the remuneration of the Chief Executive and senior staff of the executive. The Committee also confirms the remuneration and annual increase for the Chair and Council members by implementing Scottish Government guidance.

Current membership consists of the Chair of the Council and four other non-executive members of the Council.

Chair and Council members

The remuneration of the Chair and Council members is reviewed annually by the Scottish Government. There is no performance-related element apart from that payable to the Chief Executive.

Members of the Council are appointed by Scottish Ministers and have a collective responsibility for the proper conduct of the Council’s affairs. Council membership during 2010-11 is detailed on page 17.

*Council membership for the period 1 April 2010 to 31 March 2011

Professor Peter Holmes had his appointment extended for two years on 3 October 2008. John McClelland and Dr Janet Lowe were reappointed for four years on 3 October 2009. Professor Jim Gallacher had his appointment extended for one year on 3 October 2009. Dr Lindsay Burley had her appointment extended for three years on 16 October 2010. John McClelland took on the additional role of Chair of Skills Development Scotland for an initial period of six months. His appointment has been extended until a new Chair has been appointed. Our Vice Chair, Paul McKelvie, took on some of John McClelland's engagements during this time to allow for a small reduction in the Chair's weekly time commitment to the Council and their respective salaries were adjusted accordingly.

Member	Appointment start date	Appointment end date	Remuneration year ended 31 March 2011 £	Remuneration year ended 31 March 2010 £
John McClelland CBE (Chair)	3 October 2005	2 October 2013	39,187	46,488
Mark Batho	8 September 2008		see page 19	see page 19
Ian Adam	3 October 2005	2 October 2011	11,556	11,556
Dr Lindsay Burley	16 October 2007	15 October 2013	11,556	11,556
Robin Crawford	3 October 2009	2 October 2013	11,556	5,778
Audrey Cumberford	3 October 2009	2 October 2013	11,556	5,778
Professor Tariq Durrani	3 October 2005	2 October 2009	–	5,688
Professor Jim Gallacher	3 October 2005	2 October 2010	5,778	11,556
Professor Peter Holmes OBE	3 October 2005	2 October 2010	5,778	11,556
Alison Jarvis	17 November 2008	16 November 2012	11,556	11,556
Dr Janet Lowe CBE	3 October 2005	2 October 2013	11,556	11,556
Jim Martin	3 October 2005	30 April 2009	–	948
Dr Dominic McKay	3 October 2005	9 December 2011	11,556	11,556
Paul McKelvie OBE	10 December 2007	9 December 2011	16,801	11,556
Ian Murning TD	3 October 2005	2 October 2011	11,556	11,556
Professor Albert Rodger	3 October 2009	2 October 2013	11,556	5,778
Alan Stannett	3 October 2005	9 December 2011	11,556	11,556
Alan Tripp	3 October 2005	2 October 2009	–	5,688
Alexander Watson OBE	16 November 2006	15 October 2010	6,260	11,556

* Council members' remuneration (including Chair and Chief Executive)

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Salary and allowances	306	323
Social security costs	28	29
Other pension costs	104	28
	438	380

Council members' attendance at meetings

Council members attending Council and Committee meetings	Council 5 in year	Quality, Equality and General Purposes 5 in year	Audit and Compliance 4 in year	Investment 5 in year	Research and Knowledge Exchange 4 in year	Skills 4 in year	Remuneration 5 in year	Access and Inclusion 4 in year
John McClelland CBE	5c	4c		5c			4c	
Mark Batho	5			2 of 2				
Ian Adam	4		4c	3	3			
Dr Lindsay Burley	5	3	4	2 of 2		3	3	
Robin Crawford	5		4	2 of 2				
Audrey Cumberland	4			1 of 2				2 of 2
Professor Jim Gallacher	3 of 3			2 of 2				4c
Professor Peter Holmes OBE	3 of 3			2 of 2	2 of 2c			
Alison Jarvis	4	4		3 of 3			4	3
Dr Janet Lowe CBE	5			5		4c		
Dr Dominic McKay	5			1 of 2	3			
Paul McKelvie	5	5		2 of 2		4	5	
Ian Murning TD	5			5				
Professor Albert Rodger	5			3 of 3	4 (2c)			
Alan Stannett	5	5	4	2 of 2			5	
Alexander Watson OBE	3 of 3	3 of 3					3 of 3	

c = Chairperson

In addition to the above, Council members chair other forums, take part in strategic dialogue meetings at institutions, serve on other working parties and attend meetings on behalf of the Council.

Chief Executive

The Chief Executive's salary is uplifted in line with Scottish Government guidance. The Chief Executive may receive a bonus recommended by the Remuneration Committee, which reviews performance against an annual personal responsibility plan agreed by the Chair. The bonus recommendation is subject to approval by the Scottish Government.

The Chief Executive is an ordinary member of the Principal Civil Service Pension Scheme (PCSPS). The employer's contribution to the scheme amounted to 24.3% of the Chief Executive's pensionable salary.

Senior staff

The remuneration of senior staff is uplifted annually to provide for progression and a cost of living increase, subject to not exceeding the salary scale maximum. Apart from the general requirement to perform satisfactorily, there is no performance-related element. Senior staff are employed on an open-ended contract with a notice period of three months from employee or employer.

Paul Hagan joined the Council as Director of Research and Innovation on 1 September 2010.

***Salary and pension entitlements for senior employees**

Salary entitlements (in bands of £5,000)

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Mark Batho , Chief Executive	115-120	110-115 (a) 5-10
Martin Fairbairn , Senior Director – Institutions and Corporate Services (from 1 July 2009) (Director of Governance and Management: Appraisal and Policy from 1 June 2004 to 30 June 2009)	100-105	95-100
Laurence Howells , Senior Director – Skills, Research and Knowledge Exchange (from 1 July 2009) (Director of Learning Policy and Strategy from 17 August 1998 to 30 June 2009)	100-105	95-100
Riona Bell , Director – Finance and Corporate Resources (from 20 July 2009) (Director of Funding from 8 February 2004 to 19 July 2009)	85-90	80-85
John Kemp , Director – Strategic Development (from 21 August 2009)	75-80	(b) 45-50
Paul Hagan , Director – Research and Innovation (from 1 September 2010)	(c) 55-60	–
David Gani , Director – Research and Innovation (from 25 February 2002 to 4 December 2009)	–	(d) 70-75

Payment made to pension scheme in respect of capitalised annual pension costs:

Roger McClure , ex Chief Executive	75-80	–
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(a) included a bonus of £5,610

(b) full year equivalent salary £70,000-75,000

(c) full year equivalent salary £90,000-95,000

(d) full year equivalent salary £90,000-95,000

***Pension entitlements of the most senior members of the executive**

The pension entitlements of the most senior members of the executive were as follows:

	Real increase in pension and related lump sum at pension age £'000	Total accrued pension at pension age as at 31 March 2011 and related lump sum £'000	CETV at 31 March 2011 £'000	CETV at 31 March 2010* or start date £'000	Real increase in CETV £'000
Mark Batho , Chief Executive	0-2.5 0-2.5	45-50 140-145	923	848	–
Martin Fairbairn , Senior Director	0-2.5 5-7.5	20-25 65-70	330	277	27
Laurence Howells , Senior Director	0-2.5 2.5-5	35-40 115-120	768	680	28
Riona Bell , Director	0-2.5 –	20-25 –	376	323	25
Paul Hagan , Director (from 1 September 2010)	0-2.5 –	0-2.5 –	17	–	15
John Kemp , Director	0-2.5 –	15-20 –	216	174	25

* The actuarial factors used to calculate cash equivalent transfer values (CETVs) were changed in 2010-11. The CETVs at 31 March 2010 and 31 March 2011 have both been calculated using the new factors, for consistency. The CETV at 31 March 2010, therefore, differs from the corresponding figures in last year's report which was calculated using the previous factors.

Under the terms of the PCSPS the normal retirement age is 60.

Senior staff of the executive are in the 'Classic Scheme', 'Classic Plus Scheme', 'Premium Scheme' or 'Nuvos', which are part of the PCSPS.

Columns 3 and 4 of the table show the members' CETVs accrued at the beginning and the end of the reporting year.

Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Civil service pensions

Pension benefits are provided through the Civil Service pension arrangements for staff employed directly by the Council and also for Scottish Government staff seconded to the Council and paid through the Council's payroll.

From 30 July 2007, these employees may be in one of four defined benefit schemes: either a 'final salary' scheme (**Classic**, **Premium** or **Classic Plus**) or a 'whole career' scheme (**Nuvos**). The statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased annually in line with Pensions Increase legislation. Members who joined from October 2002 could opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for Classic and 3.5% for Premium, Classic Plus and Nuvos. Benefits in Classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in Premium. In Nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their

pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases, members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of Classic, Premium and Classic Plus and 65 for members of Nuvos.

The PCSPS is an unfunded multi-employer defined benefit scheme but the Council is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Further details about the Civil Service pension arrangements can be found at the website www.civilservice.gov.uk/my-civil-service/pensions/index.asp.

For 2010-11, employer's contributions of £894,959 (2009-10: £852,674) were payable to the PCSPS at one of four rates in the range of 16.7% to 24.3% of pensionable pay, based on salary bands.

The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2010-11 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £17,007 (2009-10: £6,615) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £515 (2009-10: £52), 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £17,007 (2009-10: £6,431). Contributions prepaid at that date were £0.

Signed on behalf of the Council



M T S Batho
Accountable Officer

Date: 28 July 2011

Management Commentary

for the year ended 31 March 2011

Statement of Comprehensive Net Expenditure

The Council's funding grant disbursements and operating costs for the year ended 31 March 2011 are contained in the attached accounts, prepared under a direction issued by the Scottish Ministers in accordance with paragraph 17 of Schedule 1 to the Further and Higher Education (Scotland) Act 2005. The accounts comply with the accounting principles and disclosure requirements of the Government Financial Reporting Manual (FRM).

The Council's net expenditure for the year was £1,908,673,000 (2009-10: £1,919,111,000). Grants are disbursed and expenditure incurred in relation to the Council's Corporate Plan priorities as set out on page 5.

The running cost expenditure of the Council for the year was £9,637,000 (2009-10: £8,666,000) being staff costs of £5,850,000 (2009-10: £5,507,000) (note 4), other operating charges of £3,594,000, depreciation of £137,000 (2009-10: £56,000) (note 6) and amortisation costs of £56,000 (2009-10: £56,000) (note 7). The Council incurred one-off costs of £471,000 for accommodation refurbishment for 97 Haymarket Terrace and dilapidation costs for 95 Haymarket Terrace of £40,000. These costs are included in other operating charges (note 5).

Other operating income totalled £6,822,000 (2009-10: £4,680,000). This relates mainly to the clawback of grant income from institutions of £6,440,000 (2009-10: £4,400,000).

The Council running cost budget is managed to allow the Council to meet the efficiency gain targets of the Scottish Government Efficient Government programme. These are monitored by the Council's sponsor department. The Council also provides progress reports on the college and university sectors' contribution to the Scottish Government Efficient Government programme to its sponsor department.

Statement of financial position

Property, plant and equipment

The Council does not own any land or buildings. Its premises in Edinburgh consisted of two neighbouring sites, one leased directly by the Council, the other leased by the Scottish Ministers (as statutory successors to the Secretary of State for the Environment) and sub-let to the Council. The lease on the former property ended on 31 December 2010 and all staff are now located at the one site.

Expenditure on capital assets during the year totalled £332,000 (2009-10: £22,000).

Intangible assets

The Council's intangible assets are IT software and software licences. Expenditure during the year totalled £47,000 (2009-10: £73,000).

Non-current assets

Recoverable grants due after one year decreased to £ 6,603,000 (2009-10: £8,946,000) due to repayments.

Cash balance

The Council aims to distribute the funds received each year within that year. Our Financial Memorandum with the Scottish Government recognises that it may not always be possible to match receipts and payments exactly within the year. Consequently, we are permitted to carry forward limited cash balances. The balance sheet as at 31 March 2011 shows a cash balance of £557,000 (2009-10: £1,513,000).

The Council operated within the cash limited allocation for funds for distribution and for running costs provided by the Scottish Government.

Other payables

The Council is due to pay the Scottish Government £1,340,075 in 2011-12 and a further £312,000 over four financial years. This relates to the clawback of funds and recoverable grant from Robert Gordon University £1,604,075 (2009-10: £837,000) and University of the West of Scotland £48,000 (2009-10: £nil).

Capital and reserves

The balance on reserves, amounting to £24,948,000 (2009-10: £27,816,000) comprises a surplus on grant-in-aid for distribution of £15,964,000 (2009-10: £16,171,000) and surplus on running cost reserves of £385,000 (2009-10: £853,000), together with a balance of £8,599,000 (2009-10: £10,792,000) on the Institution Advances Reserve.

Funds for distribution to institutions

The Council is funded on a financial year basis but distributes funds to institutions on an academic year basis. Academic years run from August to July each year to match with the operating cycles of the institutions. The level of funds distributed in any financial year therefore depends on the expenditure profiles for the relevant portions of the two academic years that overlap it.

Expenditure in any financial year can be higher or lower than the level of funding provided for that year. Where expenditure exceeds the funds provided the excess is funded from the reserves held for distribution at the end of the previous financial year. Where expenditure is less than the level of funds provided the surplus is added to reserves for distribution brought forward from the previous financial year.

Payment of creditors

The Council observed the principles of the Government-backed Better Payment Practice Group, www.payontime.co.uk. In line with Treasury guidance, the Council's policy was to pay all invoices not in dispute within 30 days or on the agreed contractual terms if otherwise specified. From December 2008, the Council changed its payment terms from 30 to 10 days in order to meet the 10 day payment cycle introduced by the government. The Council aimed to pay 100% of invoices, including disputed invoices once settled, on these terms.

An analysis of the Council's payment performance for the year to 31 March 2011 indicated that 86.2% (2009-10: 82.9%) of invoices were paid within 10 days of the presentation of a valid invoice.

At the year end, our trade payables balance (that is to say, the amount owing to our suppliers) was £42,231. Comparing this balance with the aggregate amount invoiced by suppliers in year (£3,958,646) and expressing this as a number of days give an indication of the average time we take to pay our bills: for the year ended 31 March 2011 our figure for 'creditor days' was 3.7.

Pension liabilities

Details of the accounting policy for pension liabilities and information regarding the relevant pension schemes for the Council are given in the remuneration report.

Company directorships and other significant interests held by Board members

The register of interests for Board members of the Council can be found at www.sfc.ac.uk/about_the_council/council_board_committees/council_membership/council_membership.aspx

Audit

The audit of the accounts of the Council has been undertaken by Audit Scotland, appointed by the Auditor General for Scotland. The audit fee from 1 April 2010 to 31 March 2011 is £71,710 (2009-10: £75,270). No non-audit services were supplied during the year.

The Accountable Officer has taken all steps to make himself aware of any relevant audit information and to establish that Audit Scotland is aware of that information. There is no relevant audit information of which Audit Scotland is not aware.

Audit process and risk management

The Council's Audit and Compliance Committee considers the annual accounts and matters relating to the internal operations of the executive, in particular those relating to risk management, corporate governance and internal audit. Specific duties include:

- considering and advising the Council on the adequacy of the arrangements for the assessment and management of risk in relation to the achievement of the Council's objectives;
- monitoring the Council's executive's management of the top-level register of risks;
- considering and advising the Council on the annual and longer term operating plans for internal audit and the resourcing of the internal audit function to deliver these plans;
- considering and advising the Council on internal audit reports and monitoring the implementation of approved recommendations;
- monitoring the effectiveness of internal audit;
- considering and advising the Council on external audit reports and, where appropriate, report to the Council any issues from the external audit of the Council, and any matter that the external auditors bring to the attention of the Committee;
- monitoring the implementation of approved recommendations of external audit;
- monitoring the effectiveness of external audit;
- considering and advising the Council on the adequacy of the arrangements for the management of the Council's compliance with legislation and regulation, focussing on data security, freedom of information and health and safety, and covering other aspects as part of the Committee's risk management responsibilities; and
- considering and reporting to the Council any other matters remitted to the Committee by the Council.

Principal risks and uncertainties facing the Council

The principal risks and uncertainties facing the Council are as follows:

- external risks associated with colleges and universities experiencing a significant negative impact on their financial health or business generally as a result of cuts in public spending and/or changes in university teaching funding;
- projects and funding aimed at delivering improved college/university estates are mismanaged, leading to a loss of confidence in the Council's ability to deliver strategic outcomes; and
- internal organisational/business risks resulting from errors or delays in payments to colleges or universities which might undermine confidence in the Council's operations.

In relation to this latter risk, the Council keeps under constant review its guidance on what institutions can categorise as fundable activity and their arrangements to provide the Council with sufficient assurance that they are adhering to grant conditions.

Forward look

Grant-in-aid funding for 2011-12 has been determined by Scottish Ministers and the Council has issued grant letters to both the colleges and the universities. The recurrent funds budget for the academic year 2011-12 is around 8 per cent lower than the previous year. The financial situation beyond this period is uncertain because, although the UK Government has determined an overall budget for Scotland, the breakdown of this budget into spend portfolios will not be determined until after a spending review carried out by the incoming Scottish administration during the summer of 2011.

Building on its new approach to funding of strategic projects, and following guidance received from Ministers in November 2010, the Council has created an Invest to Save fund in each sector, the purpose of which will be to support major collaborations, shared service arrangements or strategic changes, up to and including merger, which produce significant quantified savings over a defined period.

The Council's capital budget for 2011-12 has been reduced by over 50 per cent. The Scottish Government has decided that the three major capital projects in the college sector, which are currently working towards funding approval, should be funded on a revenue finance basis using the non-profit distributing (NPD) model of public/private partnership, and the Council is working with the Scottish Government, the Scottish Futures Trust and the colleges concerned to take this forward.

Personal data

There were no reported incidents of loss of personal data by the Council during the year (2009-10: none).

Sickness absence data

The 12-month rolling absence figure for the Council was 4.4% as at 31 March 2011 (2009-10: 3.7%).



M T S Batho
Accountable Officer

Date: 28 July 2011

Statement of Council's and Accountable Officer's responsibilities

Under paragraph 17 of Schedule 1 to the Further and Higher Education (Scotland) Act 2005, the Council is required to prepare a statement of accounts in respect of the year ended 31 March 2011 in the form and on the basis determined by the Scottish Ministers. The accounts are prepared on an accruals basis and must give a true and fair view of the Council's state of affairs at 31 March 2011 and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Council is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the accounts direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Principal Accountable Officer for the Scottish Administration has designated the Chief Executive as Accountable Officer of the Scottish Funding Council. The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding the Council's assets, are set out in the *Memorandum to Accountable Officers of other Public Bodies* issued by the Scottish Government.

Statement on internal control

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Council's policies, aims and objectives, set by Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

The *Scottish Public Finance Manual* (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the organisation's policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

The process within the Council accords with guidance from the Scottish Ministers provided in the SPFM and has been in place for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts.

Risk and control framework

All bodies to which the SPFM is directly applicable must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM. The Council's approach to risk management was last revised in 2009 and revisions to this were approved by the Audit and Compliance Committee in August 2009.

The Council has established a register of the high-levels risks to the organisation which:

- identifies the high-level business risks to the Council;
- assesses the overall impact on the work of the Council if any of the risks materialise;
- describes the controls or actions in place to manage or mitigate each risk;
- assesses the strength of the controls in place;
- assesses the residual probability of each risk occurring; and
- sets out a management plan and timetable for managing active risks.

The Council has delegated to its Audit and Compliance Committee the supervision of the risk register on behalf of the Council. However, the register is reviewed annually by the Council.

Information risks are identified and managed under the leadership of the Senior Director, Institutions and Corporate Services, who has been appointed as the Senior Information Risk Owner (SIRO). All information assets have been identified and are recorded in the Council's risk register.

Whilst, as Accountable Officer, I remain ultimately responsible for managing and implementing the Council's risk management framework on a day-to-day basis and for reporting to the Audit and Compliance Committee, delegation of responsibility for managing the key risks in the register is essential if risk management is to be effective. The risk register, therefore, identifies 'owners' for each risk; these are mainly within the staff of the Council's executive, chosen for their expertise in particular areas.

More generally, the organisation is committed to a process of continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice in this area.

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by:

- the Council's Audit and Compliance Committee, which monitors the extent to which the Council's risk management strategy is operating efficiently;
- the annual review of the effectiveness of the systems of internal control;
- the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework;
- the line management process within the organisation;
- the annual meeting between myself, as Accountable Officer of the Council, and the head of our sponsor directorate at the Scottish Government to review the risk register and our process for risk management;
- the work of the internal auditors, contracted to KPMG, who submit to the Council's Audit and Compliance Committee regular reports which include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement;
- comments made by external auditors in their management letters and other reports; and
- certificates of assurance provided to me by the executive managers in accordance with the guidance contained within the SPFM.

For the year to 31 March 2011 the Head of Internal Audit reported completion of all reviews in the Audit Plan. Internal Audit were of the opinion that the Council's systems provided a reasonable basis for maintaining control and that the control framework provided reasonable assurance regarding the effective and efficient achievement of the Council's objectives. This opinion is based on recommendations in the audit reports being satisfactorily implemented.

Appropriate action is in place to address any weaknesses identified and to ensure the continuous improvement of the system.



M T S Batho
Accountable Officer

Date: 28 July 2011

Independent Auditor's Report

Independent Auditor's Report to the members of the Scottish Further and Higher Education Funding Council, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of the Scottish Further and Higher Education Funding Council for the year ended 31 March 2011 under the Further and Higher Education (Scotland) Act 2005. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2010-11 Government Financial Reporting Manual (the 2010-11 FReM).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Council, Accountable Officer and auditor

As explained more fully in the Statement of the Accountable Officer's Responsibilities, the Council and Accountable Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. The Accountable Officer is also responsible for ensuring the regularity of expenditure and receipts. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of expenditure and receipts.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts, disclosures, and regularity of expenditure and receipts in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with the Further and Higher Education (Scotland) Act 2005) and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2011 and of its net operating cost for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2010-11 FReM; and
- have been prepared in accordance with the requirements of the Further and Higher Education (Scotland) Act 2005 and directions made thereunder by the Scottish Ministers.

Opinion on regularity

In my opinion in all material respects the expenditure and receipts in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Further and Higher Education (Scotland) Act 2005 and directions made thereunder by the Scottish Ministers; and
- the information given in the Management Commentary and the Chief Executive and Accountable Officer's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Statement on Internal Control does not comply with Scottish Government guidance.

I have nothing to report in respect of these matters.



Brian Howarth, ACMA

Assistant Director

Audit Scotland

7th Floor, Plaza Tower

East Kilbride

G74 1LW

Date: 3 August 2011

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2011

	Notes	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000 (restated)
Expenditure			
Grants paid to HEIs and other bodies	3	1,177,308	1,211,115
Grants paid to colleges and other bodies	3	727,654	702,723
Staff costs	4	5,850	5,507
Depreciation	6	137	56
Amortisation	7	56	56
Other operating charges	5	4,490	4,334
		1,915,495	1,923,791
Income			
European Social Fund (ESF) income	9	(5)	–
Income from HEIs and colleges	10	(6,440)	(4,400)
Other grants	11	(377)	(280)
		(6,822)	(4,680)
Net expenditure		1,908,673	1,919,111
Total comprehensive expenditure for the year		1,908,673	1,919,111
Funded by:			
Grant-in-aid	8	1,880,928	1,887,140
Other Scottish Government grants	11	1,250	1,650
Other Government grants	8	23,627	32,407
		1,905,805	1,921,197
(Deficit)/surplus transferred to reserves		(2,868)	2,086
		1,908,673	1,919,111

There are no recognised gains and losses other than those recorded above.

The notes on pages 35 to 49 form part of these Accounts.

Statement of Financial Position

as at 31 March 2011

	Notes	31 March 2011 £'000	31 March 2010 £'000
Non-current assets			
Property, plant and equipment	6	268	73
Intangible assets	7	60	69
Trade and other receivables	12	6,603	8,946
Total non-current assets		6,931	9,088
Current assets			
Trade and other receivables	12&13	25,461	22,940
Cash and cash equivalents	14	557	1,513
Total current assets		26,018	24,453
Total assets		32,949	33,541
Current liabilities			
Trade and other payables	15	42	23
Other liabilities	15	7,647	5,181
Total current liabilities		7,689	5,204
Non-current assets plus net current assets		25,260	28,337
Non-current liabilities			
Other payables	18	312	521
Total non-current liabilities		312	521
Assets less liabilities		24,948	27,816
Taxpayers' equity			
Institution advances reserve	12	8,599	10,792
General reserves		16,349	17,024
Total taxpayers' equity		24,948	27,816

The financial statements on pages 31 to 34 were approved by Council on 25 July 2011 and signed on its behalf by:



M T S Batho
Accountable Officer



John F McClelland CBE
Chair

Date: 28 July 2011

Date: 28 July 2011

Authorised for issue on 28 July 2011.

The notes on pages 35 to 49 form part of these Accounts.

Statement of Cash Flows

for the year ended 31 March 2011

	Notes	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Cash flows from operating activities			
Net operating costs		(1,908,673)	(1,919,111)
Depreciation charges	6&7	193	112
(Increase) in trade and other receivables		(178)	(1,109)
Increase/(decrease) in trade and other payables		2,276	(272)
Net cash outflow from operating activities		(1,906,382)	(1,920,380)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(332)	(22)
Purchase of intangible assets	7	(47)	(73)
Net cash outflow from investing activities		(379)	(95)
Cash flows from financing activities			
Grant-in-aid		1,880,928	1,887,140
Other Scottish Government grants	11	1,250	1,650
Other Government grants		23,627	32,407
Net cash inflow from financing activities		1,905,805	1,921,197
Net (decrease)/increase in cash and cash equivalents		(956)	722
Cash and cash equivalents at 1 April 2010		1,513	791
Cash and cash equivalents at 31 March 2011		557	1,513
Net (decrease)/increase in cash		(956)	722

The notes on pages 35 to 49 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2011

	Notes	Grant for distribution £'000	Running costs £'000	Subtotal £'000	Institution advances reserve £'000	Total £'000
Changes in Taxpayers' Equity 2010-11						
Balance as at 1 April 2010		16,171	853	17,024	10,792	27,816
Net expenditure		(1,899,036)	(9,637)	(1,908,673)	–	(1,908,673)
Transfers between reserves		2,193	–	2,193	(2,193)	–
Scottish Government grant-in-aid funding	8	1,871,759	9,169	1,880,928	–	1,880,928
Other Scottish Government grants	11	1,250	–	1,250	–	1,250
Other Government grants	8	23,627	–	23,627	–	23,627
Balance at 31 March 2011		15,964	385	16,349	8,599	24,948
Changes in Taxpayers' Equity 2009-10						
Balance as at 1 April 2009		15,033	572	15,605	10,124	25,729
Net expenditure		(1,910,445)	(8,666)	(1,919,111)	–	(1,919,111)
Additional institution advance		(2,118)	–	(2,118)	2,118	–
Transfers between reserves		1,450	–	1,450	(1,450)	–
Scottish Government grant-in-aid funding	8	1,878,194	8,947	1,887,141	–	1,887,141
Other Scottish Government grants	11	1,650	–	1,650	–	1,650
Other Government grants	8	32,407	–	32,407	–	32,407
Balance at 31 March 2010		16,171	853	17,024	10,792	27,816

The notes on pages 35 to 49 form part of these Accounts.

Notes to the Accounts

for the year ended 31 March 2011

1 Basis of Accounts

As the Scottish Funding Council is an NDPB the format of its accounts is covered by the 2010-11 *Government Financial Reporting Manual* (FReM) and the *Scottish Public Finance Manual*. The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Council for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Council are described below. They have been applied consistently in dealing with items that are considered material to the accounts. Grant-in-aid received for revenue and capital purposes is regarded as financing and is credited to the income and expenditure reserve.

2 Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention in a form determined by the Scottish Ministers in accordance with paragraph 17 of Schedule 1 to the Further and Higher Education (Scotland) Act 2005. The Accounts Direction given by Scottish Ministers is produced as an appendix to these accounts.

Contributions due to or from the Scottish Government are treated on a cash basis in line with agreed practice.

Property, plant and equipment

Assets over £1,000 are capitalised. Using the straight-line method, depreciation is provided on all tangible non-current assets at rates calculated to write-off the cost, less estimated residual value, of each asset over its useful life. Given their low value, depreciated historic cost is used as a proxy for fair value. The useful lives are as follows:

Furniture and fittings	5 years
Information technology and other equipment	3 years

Intangible assets

Intangible assets are carried at fair value. They are amortised on a straight-line basis over estimated useful lives of three years.

Government grants

Government grants receivable in respect of Council running costs and used for capital expenditure are credited to reserves.

Taxation

The Council is a body corporate and is liable to corporation tax. HM Revenue and Customs does not consider the activities of the Council to be a trade and the grant income received is not therefore liable to corporation tax. Corporation tax is only assessable on interest received and any capital gains made. The Council is not VAT registered, therefore, irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets.

Grants and loans

Grants

Financial assistance by way of grants can be given to any fundable body in furtherance of the objectives of the Council.

The Council pays grants either on the basis of monthly instalments, which take into account the pattern of the institution's receipts and payments, or on receipt of claims from institutions. The basis used is determined by the type of grant being paid.

Loans

Interest free loans are payable to staff for the purchase of season travel tickets.

Any other loans are payable under the terms set out in the Further and Higher Education (Scotland) Act 2005.

Statement of comprehensive net expenditure

All operating costs relate to the Council's continuing activities. There have been no acquisitions or discontinued activities during the period.

Operating lease charges

Rentals payable under operating leases are charged to the Statement of Comprehensive Net Expenditure in the year to which they relate.

Notional cost

HM Treasury, under the Clear Line of Sight (Alignment Project) removed the cost of capital charge from budgets and accounts from 1 April 2010. The cost of capital charge is therefore no longer applicable. The removal of the cost of capital charge is a change in accounting policy under IAS 8. Applying paragraph 31 of IAS 1 and, noting that the removal of the cost of capital charge has no effect on the balance sheets, a specific disclosure is not required. The charge for the prior-year outturn statement/statement of comprehensive expenditure was £897,000 and the restated statement of comprehensive net expenditure shows amended net expenditure of £1,919,111,000.

Pension costs and other post-retirement benefits

Past and present employees are covered by the provisions of the PCSPS, which is an unfunded multi-employer defined benefit scheme, but the Council is unable to identify its share of the underlying assets and liabilities. The scheme is accounted for as a defined contribution scheme under the multi-employer exemption permitted in IAS 19 'Employee Benefits'. The expected cost of these elements are accounted for on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of an amount calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

Payments to the defined contribution schemes are expensed as they become payable. Early severance payment obligations are expensed in the year in which the employee leaves.

Short-term employee benefits

A liability and an expense is recognised for holiday days, holiday pay, bonuses and other short-term benefits when the employees render service that increases their entitlement to these benefits.

Financial guarantees

In accordance with IAS 39, financial guarantees are considered for recognition as liabilities. See note 20.

3 Grants paid to institutions and other bodies

- a) The Management Statement between SGESLLD and the Council requires the Council and Chief Executive of the Council to ensure that grant-in-aid receipts were used for their intended purpose. In turn, the Financial Memorandum between the Council and the institutions that it funds requires the governing bodies of those institutions to ensure that grant-in-aid has been used for its intended purpose. Institutions' external auditors are required to verify that grant-in-aid has been properly applied and to incorporate their opinion on this matter into their audit reports.

The financial year of institutions ends on 31 July. Included in these accounts, therefore, are grants to institutions for the period from 1 August 2010 to 31 March 2011 where it is yet to be verified by institutions and their auditors that grant-in-aid receipts from the Council have been used for their intended purpose. Any material differences arising, which are related to the regularity of grant-in-aid for the period covered by these accounts, will be subject to adjustment in subsequent financial years. Subject to the above, grant-in-aid receipts received from the sponsor department have been applied for their intended purpose.

- b) Grants to institutions to finance capital expenditure may be subject to repayment in full, or in part, if the assets purchased are disposed of at a later date. The Council has discretion to allow the proceeds or part of the proceeds of such sales to be retained by the relevant institution to finance new capital projects.

- c) Distribution of funds from SGESLLD

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Grants paid to HEIs and other bodies		
Recurrent grants	1,063,234	1,045,287
Capital grants	114,074	165,828
	1,177,308	1,211,115
Grants paid to colleges and other bodies		
Recurrent grants	522,469	488,212
Bursary payments	89,900	93,826
Capital and major works	105,071	108,688
Education Maintenance Allowances (EMA)	10,214	11,997
	727,654	702,723

4 Staff costs (excluding Chief Executive)

a) Salaries and related costs

	Year ended 31 March 2011			2010
	Directly employed staff £'000	Seconded and agency staff £'000	Total £'000	Total £'000
Cost of employing staff:				
Wages and salaries	4,416	74	4,490	4,195
Social security costs	355	2	357	329
Other pension costs	1,001	2	1,003	983
	5,772	78	5,850	5,507
Average number of FTE employees	117	2	119	118

b) Loans

Interest free loans are payable to staff for the purchase of season travel tickets and bicycles. The loans are repayable through the Council's payroll over the period of the duration of the ticket or, in the case of bicycles, 12 months. As at 31 March 2011, £3,867 (2009-10: £8,409) was outstanding and this related to seven members of staff. This amount is included in the trade receivables figure in note 13.

c) Disclosure of exit packages

Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	2010-11		2009-10
	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	–	–	1
£10,000-25,000	1	1	–
£200,000-£250,000	1	1	–
Total number of exit packages	2	2	1
Total resource cost/£	228,517	228,517	5,329

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirement, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

5 Other operating charges

	Year ended 31 March 2011			2010
	Running cost £'000	Sectoral expenditure £'000	Total £'000	Total £'000
Consultancy costs	173	850	1,023	1,280
Operating leases – property rental	552	–	552	563
Accommodation costs	555	–	555	611
Council members' remuneration	438	–	438	380
Other support costs	838	1	839	768
Dilapidation costs	40	–	40	–
Publication costs	55	–	55	119
Office refurbishment costs	471	–	471	–
Staff recruitment and training	107	–	107	133
Travel and subsistence				
– Council members	12	–	12	13
– Staff	95	–	95	115
Legal costs	130	–	130	156
External Audit fee	27	45	72	75
Equipment and consumables	50	–	50	53
Hospitality costs				
– Council members	5	–	5	6
– Staff	23	–	23	35
Conference expenditure	9	–	9	11
Committee costs	14	–	14	16
	3,594	896	4,490	4,334

Sectoral expenditure has been used to meet operating charges where the benefit is to institutions within the Scottish further and higher education sectors. £850,000 (2009-10: £1,199,000) of this expenditure relates to consultancy services and their associated costs. These consultancy services are commissioned in accordance with the conditions of an agreement between the Council and its sponsor department that covers the use of funds for distribution to acquire consultancy services.

The largest of these consultancies was for college sector estates management including the Glasgow Colleges project.

6 Property, plant and equipment

	Furniture and fittings £'000	ICT £'000	Other equipment £'000	Total £'000
Historic cost				
At 1 April 2010	187	560	106	853
Additions	162	163	7	332
Disposals	128	–	47	175
At 31 March 2011	221	723	66	1,010
Depreciation				
At 1 April 2010	180	494	106	780
Provided during the year	36	99	2	137
Disposals	128	–	47	175
At 31 March 2011	88	593	61	742
Net Book Value				
At 31 March 2011	133	130	5	268
At 1 April 2010	7	66	–	73
Historic cost				
At 1 April 2009	209	757	112	1,078
Additions	–	22	–	22
Disposals	22	219	6	247
At 31 March 2010	187	560	106	853
Depreciation				
At 1 April 2009	198	661	112	971
Provided during the year	4	52	–	56
Disposals	22	219	6	247
At 31 March 2010	180	494	106	780
Net Book Value				
At 31 March 2010	7	66	–	73
At 1 April 2009	12	96	–	108

7 Intangible assets

Intangible assets comprise IT software and software licences

	IT £'000	Software licences £'000	Total £'000
Cost			
At 1 April 2010	430	79	509
Additions	47	–	47
At 31 March 2011	477	79	556
Amortisation			
At 1 April 2010	373	67	440
Provided during the year	49	7	56
At 31 March 2011	422	74	496
Net Book Value			
At 31 March 2011	55	5	60
At 1 April 2010	57	12	69
Cost			
At 1 April 2009	417	75	492
Additions	58	15	73
Disposals	45	11	56
At 31 March 2010	430	79	509
Amortisation			
At 1 April 2009	370	70	440
Provided during the year	48	8	56
Disposals	45	11	56
At 31 March 2010	373	67	440
Net Book Value			
At 31 March 2010	57	12	69
At 1 April 2009	47	5	52

8 Government grant-in-aid received

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
a) Funds from Scottish Government for:		
– HEI and other bodies	1,151,473	1,176,234
– Colleges and other bodies	711,602	688,240
– EMA	8,684	13,719
– Council running costs	9,169	8,947
	1,880,928	1,887,140
b) Funds from Department for Business Innovation and Skills for Science Research Investment Fund		
	23,627	32,407

9 Income from ESF

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
ESF income received	5	–
	5	–

The Council paid out £7,925,891 to colleges for economic recovery. This grant is to be match-funded by 45% from ESF. This income has not yet been recognised but will be when there is reasonable assurance that the grant will be received and all attached conditions adhered to. The Council received £5,000 from ESF for 45% match funding for running cost expenses.

10 Income from HEIs and colleges

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Widening Access grant clawback	–	148
Advance repayment	–	985
Financial penalties clawback	507	14
Breach of consolidation penalty	1,771	719
Fee Waiver clawback	265	297
PACE clawback	75	158
ESOL clawback	51	–
Strategic grant clawback	156	–
High demand professions clawback	58	–
Bursary clawback	1,319	97
Research postgraduate grant clawback	88	–
Student support clawback	2,150	582
Capital grant clawback	–	1,400
	6,440	4,400

Generally a clawback of funds arises where institutions have under-enrolled beyond threshold against funded places, with the grant paid out in one financial year and taken back in another. In addition a clawback arises in student support where there is a variance between payment based on estimate and actual numbers.

Financial penalties are imposed on institutions if they exceed their indicative student numbers for non-controlled priority and non-priority full-time and sandwich undergraduates by more than 10% and 7% respectively. The penalty for breaches of consolidation is the withdrawal of part of the Main Teaching Grant, equivalent to the estimated fee income generated by the student numbers in excess of the 10% and 7% thresholds above the indicative numbers.

11 Other grants

	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Other grant income		
Income for Scottish Bioinformatics Research Network	–	30
Income from Arts and Humanities Research Council (AHRC)	127	–
Other grant income	250	250
	377	280
Other Scottish Government grant income		
Income for Sabhal Mòr Ostaig	1,250	1,250
Income for Scottish Centre for Criminal Justice Research	–	400
	1,250	1,650

The Council participated in a small number of programmes that were jointly funded by other bodies with an interest in the higher education sector. The grant distributed by the Council to the institutions it funded in respect of these programmes was recorded as 'grants paid to institutions and other bodies' in the income statement.

12 Trade and other receivables: recoverable grants

	31 March 2011 £'000	31 March 2010 £'000
a) Balances due within one year:		
– Robert Gordon University	209	–
– West Lothian College	176	480
– James Watt College	1,250	1,000
– Stow College	361	366
	1,996	1,846
b) Balances due after one year:		
– West Lothian College	5,194	5,716
– James Watt College	–	1,250
– Stow College	1,097	1,459
– Robert Gordon University	312	521
	6,603	8,946

Recoverable grants are interest-free revenue advances to institutions which will be recovered by making reduced payments to the institutions in forthcoming years.

Where an institution is experiencing extreme cash flow difficulties and is unable to secure funds from its bankers or other sources the Council is able to make a recoverable advance to the institution in order to secure continuity of provision at that institution. Such advances are recoverable in accordance with a schedule to be agreed between the Council and the respective institution and are not interest bearing.

In terms of the Council's accounts, when such advances are paid a short and long term debtor is created, taking account of the agreed payment timetable, and matched by a credit to the Institution Advances Reserve. The entries are reversed on recovery of advances and included in the Statement of Changes in Taxpayers' Equity.

The Council is clawing back £837,000 over four academic years (five financial years) from Robert Gordon University because of under enrolment in its Nursing and Midwifery course (see note 18). This money is due to the Scottish Government and will be recovered by the Scottish Government through making reduced grant-in-aid payments to the Council. Repayment commenced July 2009.

The Council is clawing back £2,885,000 over seven academic years from Stow College because of a shortfall in delivery of eligible activity. Repayment commenced December 2009.

Arrangements for the repayment of the advances have been agreed, with the repayment periods over three years (James Watt £3,000,000), commenced July 2009, over three years (West Lothian £956,000), commenced July 2009, and sixteen years (West Lothian £5,540,000), repayment commenced March 2011.

13 Trade and other receivables

	31 March 2011 £'000	31 March 2010 £'000
Trade receivables	33	29
Prepayments and accrued income	1,254	1,481
Institutions clawback	5,446	2,300
NHS Education for Scotland	–	2
Other HEI balances	3,664	3,250
Other college balances	11,733	12,866
Part-Time Fee Waiver	1,293	1,124
Higher Education Funding Council for England (HEFCE)	42	42
	23,465	21,094
Balances due within one year (from note 12a)	1,996	1,846
Total balances due within one year	25,461	22,940

14 Cash and cash equivalents

	31 March 2011 £'000	31 March 2010 £'000
Funds held at Government Banking Service accounts	552	1,511
Funds held at commercial banks	5	2
	557	1,513

15 Trade and other payables

	31 March 2011 £'000	31 March 2010 £'000
Trade payables	42	23
Accruals	532	759
Pension provision	97	91
The Scottish Government	1,615	–
Other HEI balances	–	683
Other college balances	3,524	1,507
HEFCE	1,879	2,141
	7,689	5,204

16 Capital and non-capital commitments

The level of funding for academic institutions is determined on the basis of the academic year; 1 August to 31 July each year. The Council's financial year runs from 1 April to 31 March each year. Grant commitments which fall outwith the Council's current financial year, but within the remaining period of the current academic year, are disclosed as contracted grant.

Capital works grants are claims based and the amount to be paid out by the end of the academic year cannot be determined exactly. The figures shown are best estimates based on claim profiles submitted by the various institutions.

In setting its profile of grant payments each academic year, the Council takes into account Government guidance on when sums receivable by institutions for student tuition fees should be paid. The aim is to ensure that the total income stream received by institutions is in line with their expenditure requirements. The descriptions have been amended to allow comparison against note 3.

Grants committed to be paid to HEIs and other bodies

	31 March 2011 £'000	31 March 2010 £'000
Grant for distribution		
Recurrent grant	339,833	365,257
Capital grants	9,305	21,540
	349,138	386,797

Grants committed to be paid to colleges and other bodies

	31 March 2011 £'000	31 March 2010 £'000
Grant for distribution		
Recurrent grant	161,054	175,237
Bursary payments	18,681	24,189
Capital grants	4,654	30,797
	184,389	230,223

17 Commitments under leases

Operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

Obligations under operating leases comprise

	31 March 2011 £'000	31 March 2010 £'000
Equipment		
Not later than one year	14	24
Later than one year and not later than five years	35	27
	49	51
Buildings		
Not later than one year	470	545
Later than one year and not later than five years	1,880	1,840
Later than five years	470	920
	2,820	3,305

The premises in Edinburgh occupied by the executive consisted of two neighbouring sites, one leased directly by the Council, the other leased by the Scottish Ministers (as statutory successors to the Secretary of State for the Environment) and sub-let to the Council. The lease for the former property ended on 31 December 2010 and all staff are now located at the one site.

18 Other payables falling due in more than one year

	31 March 2011 £'000	31 March 2010 £'000
Scottish Government	312	521

The Council is clawing back £837,000 over four academic years from Robert Gordon University because of under enrolment in its Nursing and Midwifery course (see note 12). This money is due to the Scottish Government and will be recovered by the Scottish Government through making reduced grant-in-aid payments to the Council.

19 Related party transactions

The Council is a NDPB sponsored by the Scottish Government.

SGESLLD, as the sponsor department, is regarded as a related party. The Council was financed by grant-in-aid from its sponsor department's parliamentary account. During the year the Council had a number of material transactions with the Department.

The universities and colleges the Council funds are regarded as related parties. Details of the major transactions between the Council and the funded institutions are set out in Annex 1 to the Report and Accounts. Amounts due to and from related parties are shown in notes 13 and 15.

In addition, the Council had various material transactions with other publicly funded bodies during the period, including Scotland's Colleges, HMIE, and the Higher Education (HE) Academy.

The payments to Scotland's Colleges relate to an ongoing Service Level Agreement (SLA). The transactions with HMIE relate to an SLA which requires HMIE to perform specific functions with regard to quality assurance and quality improvement of learning and teaching. Payment to the HE Academy is to support the Academy's work which is undertaken on behalf of the university sector.

The following Council members who served during the year were (or have been) related parties to institutions that the Council funds:

- Dr Lindsay Burley was a Governor of Edinburgh Napier University and an Honorary Senior Lecturer at the University of Edinburgh;
- Robin Crawford is a member of the Court of the University of Strathclyde;
- Audrey Cumberford is Principal of Reid Kerr College;
- Professor Jim Gallacher is Emeritus Professor of Lifelong Learning in the Centre for Research in Lifelong Learning, a joint initiative of the Universities of Glasgow Caledonian and Stirling. He is also Honorary Professor at the University of the Highlands and Islands and the University of Stirling. He is a member of the Board of the City of Glasgow College and an Honorary Fellow of the former Glasgow Metropolitan College;
- Professor Peter Holmes is a former Vice-Principal and Pro Vice-Principal at the University of Glasgow and now serves in an honorary capacity as a senior advisor and is a member of the Advisory Committee of the Institute of Aquaculture (University of Stirling);
- Dr Janet Lowe is a member of the Court of the University of Dundee, Honorary Professor at the University of Stirling and was a member of the Open University (Scotland) Advisory Group;
- Professor Albert Rodger is Vice-Principal and Head of the College of Physical Sciences at the University of Aberdeen;
- Alan Stannett was Chairman of Barony College Board of Management until June 2009; and
- Alexander Watson is an Honorary Fellow at the University of Abertay. He was Chairman of the Board of Management of Angus College until July 2009.

The Register of Interests for the Council Members is available on the Council website at www.sfc.ac.uk/about_the_council/council_board_committees/council_membership/council_membership.aspx

During the year, other than through their employment, none of the other Council members have undertaken any material transactions with the Council.

There have been no material transactions during the year between the Council and members of key management staff or other related parties as detailed above.

20 Intra-government balances

	Trade receivables: amounts falling due within one year £'000	Trade receivables: amounts falling due after more than one year £'000	Trade payables: amounts falling due within one year £'000	Trade payables: amounts falling due after more than one year £'000
2010-11				
Balances with other Central Government bodies	198	–	3,494	312
Balances with Public Corporations and Trading Funds	37	–	–	–
Balances with bodies external to Government	25,226	6,603	4,195	–
At 31 March 2011	25,461	6,603	7,689	312
2009-10				
Balances with other Central Government bodies	129	–	2,350	521
Balances with Public Corporations and Trading Funds	57	–	–	–
Balances with NHS Bodies	2	–	–	–
Balances with bodies external to Government	22,752	8,946	2,854	–
At 31 March 2010	22,940	8,946	5,204	521

21 Financial instruments

As the cash requirements of the Scottish Funding Council are met through grant-in-aid provided by the Scottish Government, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Council's expected purchase and usage requirements and the Council is, therefore, exposed to little credit, liquidity or market risk.

The Council has provided two guarantees. The first is for an amount up to £500,000 to underwrite the pension liability for APUC (Advanced Procurement for Universities and Colleges) to the Universities Superannuation Scheme (USS) for the period ending 31 July 2011. The second is for an amount up to £10,800,000 to underwrite the loan support liability for Coatbridge College to Lloyds TSB. The Council received agreement from the Scottish Government to issue both guarantees. The risk to the Council of realising either payment is considered to be insignificant therefore there is no monetary impact in the Council's accounts.

Direction by the Scottish Ministers

- 1 The Scottish Ministers, in pursuance of paragraph 17 of Schedule 1 to The Further and Higher Education (Scotland) Act 2005, hereby give the following direction.
- 2 The statement of accounts for the period to 31 March 2006, and for subsequent financial years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
- 3 The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
- 4 This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 30 September 2005 is hereby revoked.

Aileen McKechnie

Signed by the authority of the Scottish Ministers

Dated: 14 December 2005

Annex 1

Analysis of funds paid to institutions and other bodies

Distribution of grant-in-aid from SGE/SLD

Grants paid to colleges and other bodies

College	Recurrent grant £'000	Bursary payment £'000	Capital grants £'000	EMA £'000	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Aberdeen College	29,493	5,567	9,197	369	44,626	40,901
Adam Smith College	26,608	4,644	1,495	496	33,243	33,617
Angus College	9,370	1,927	551	228	12,076	12,031
Annie'sland College	10,953	1,774	1,863	224	14,814	28,052
Ayr College	11,773	2,600	1,544	330	16,247	15,573
Banff and Buchan College of FE	8,793	1,856	8,669	160	19,478	13,497
The Barony College	2,853	412	216	39	3,520	3,387
Borders College	8,042	1,732	501	228	10,503	10,811
Cardonald College	15,766	3,517	927	201	20,411	20,063
Carnegie College	11,835	2,021	727	468	15,051	14,994
Central College Glasgow	9,723	1,477	216	181	11,597	11,881
Clydebank College	12,743	2,149	755	253	15,900	15,718
Coatbridge College	8,903	1,553	3,275	322	14,053	18,700
Cumbernauld College	7,628	1,332	491	219	9,670	10,197
Dumfries and Galloway College	10,058	1,798	562	292	12,710	12,764
Dundee College	22,523	3,997	24,390	290	51,200	33,636
Edinburgh's Telford College	24,778	4,079	1,441	509	30,807	29,661
Elmwood College	6,747	1,226	460	163	8,596	8,381
Forth Valley College	24,171	3,009	16,374	337	43,891	34,929
Glasgow College of Nautical Studies	7,885	920	6,043	105	14,953	15,344
Glasgow Metropolitan College	20,349	2,963	1,135	162	24,609	23,762
Inverness College	9,108	1,896	560	181	11,745	12,595
James Watt College of Further and Higher Education	33,299	6,310	1,786	842	42,237	42,187
Jewel and Esk College	14,136	2,162	1,647	350	18,295	19,518
John Wheatley College	9,012	1,285	502	138	10,937	10,580
Kilmarnock College	12,042	2,905	698	315	15,960	16,325
Langside College	11,579	1,989	7,011	187	20,766	22,652
Lewis Castle College	2,885	329	201	53	3,468	3,236
Moray College	6,154	1,628	398	145	8,325	8,214
Motherwell College	19,661	4,034	1,096	540	25,331	24,266
North Glasgow College	9,968	1,703	642	97	12,410	12,424
North Highland	9,344	1,429	4,040	113	14,926	9,730
Oatridge Agricultural College	3,225	617	255	76	4,173	4,227
Perth College	7,606	1,802	476	223	10,107	9,908
Reid Kerr College	17,124	3,185	1,031	446	21,786	22,126
South Lanarkshire College	8,676	1,011	541	151	10,379	10,557
Stevenson College Edinburgh	19,253	3,262	1,110	314	23,939	24,003
Stow College	10,474	1,561	688	92	12,815	11,005

Grants paid to colleges and other bodies continued

	Recurrent grant £'000	Bursary payment £'000	Capital grants £'000	EMA £'000	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
College <i>continued</i>						
West Lothian College	10,306	1,848	260	375	12,789	12,578
Orkney Islands Council	1,634	46	157	–	1,837	1,794
Shetland Islands Council	1,968	79	165	–	2,212	1,992
Sabhal Mòr Ostaig	2,060	20	–	–	2,080	2,057
Newbattle Abbey College	615	246	–	–	861	801
Total grant distributed to colleges	511,123	89,900	104,096	10,214	715,333	690,674
Other organisations						
Scotland's Colleges	2,489	–	–	–	2,489	2,430
University of Abertay	578	–	–	–	578	572
Edinburgh Napier University	185	–	–	–	185	223
University of the West of Scotland	–	–	–	–	–	737
West Highland College	–	–	792	–	792	–
HEFCE	3,445	–	–	–	3,445	3,658
Open University	200	–	–	–	200	–
HMIE	1,251	–	–	–	1,251	946
New Campus Glasgow Ltd	–	–	–	–	–	806
APUC	1,113	–	183	–	1,295	953
Scottish Qualifications Authority (SQA)	–	–	–	–	–	83
Other	2,086	–	–	–	2,086	1,641
Total grant distributed to other organisations	11,347	–	975	–	12,321	12,049
Total grant distributed	522,469	89,900	105,071	10,214	727,654	702,723

Grants paid to HEIs and other bodies

	Recurrent grant £'000	Capital grants £'000	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
University or college				
University of Aberdeen	80,991	14,841	95,832	96,551
University of Abertay Dundee	19,982	976	20,958	23,767
University of Dundee	81,673	6,208	87,881	90,188
University of Edinburgh	174,094	20,677	194,771	198,345
Edinburgh College of Art	10,205	4,355	14,560	10,891
University of Glasgow	148,714	11,796	160,510	168,200
Glasgow Caledonian University	65,967	2,983	68,950	72,637
Glasgow School of Art	10,507	4,677	15,184	11,726
Heriot-Watt University	40,041	2,933	42,974	44,265
Edinburgh Napier University	56,397	2,733	59,130	61,089
Open University in Scotland	23,050	870	23,920	23,969
Queen Margaret University	14,682	659	15,341	15,660
Robert Gordon University	42,298	1,877	44,175	45,866
Royal Scottish Academy of Music and Drama	8,890	3,213	12,103	8,875
University of St Andrews	41,926	4,310	46,236	46,877
University of Stirling	39,664	2,108	41,772	46,293
University of Strathclyde	91,435	7,934	99,369	103,429
University of the Highlands and Islands	25,255	2,626	27,881	29,690
University of the West of Scotland	62,517	14,683	77,200	86,724
Scottish Agricultural College	8,286	3,615	11,901	9,189
Cardonald College	30	–	30	119
Total grant distributed to institutions	1,046,604	114,074	1,160,678	1,194,350
Other organisations				
HEFCE	8,010	–	8,010	9,202
QAA	1,605	–	1,605	1,423
HE Academy	2,804	–	2,804	1,552
Scottish Institute for Enterprise	587	–	587	560
Economic and Social Research Council (ESRC)	811	–	811	1,536
Scotland's Colleges	170	–	170	127
APUC	1,113	–	1,113	651
Other	1,530	–	1,530	1,714
Total grant distributed to other organisations	16,630	–	16,630	16,765
Total grant distributed	1,063,234	114,074	1,177,308	1,211,115

Facal-toisich



John F McClelland CBE
Cathraiche

Gach bliadhna tha dùbhlain ùra romhainn a bharrachd air na feadhainn a bhios sinn a' cur romhainn fhìn ann a bhith a' leantainn ar plana corporra. Tha seo air a bhith dha-rìribh fìor am bhliadhna oir tha lùghdachadh sa bhuidseat nàiseanta airson foghlam adhartach agus àrd-ìre airson na h-ath bhliadhna sgoilearach air cudrom a chur air Comhairle Maoineachaidh na h-Alba a thaobh a bhith a' cumail taic ri roinn nan colaistean agus nan oilthighean aig àm a tha cùisean ag atharrachadh.

B' e aon de na co-dhùnidhean a bu chudromaich a rinn sinn ann a bhith a' dèiligeadh ri seo, riarachadh sealach ainmeachadh airson ar prìomh thabhartasan anns an dà roinn san Dùbhlachd 2010, ceithir mìosan na bu tràithe nas àbhaist dhuinn a bhith ag ainmeachadh maoinachadh foirmeil airson na h-ath bhliadhna sgoilearach. Le bhith a' dèanamh seo, bha sinn an dòchas ùine a bharrachd a thoirt do cholaistean agus oilthighean ullachadh airson 2011-12. Ged a chuir seo uallach obrach nach bu bheag air bòrd agus luchd-obrach na Comhairle, bha e luachmhor dha na h-institiudan ann a bhith a' rianachd an ro-dhealbhadh. Bha e comasach dhuinn na riarachaidhean a dhaingneachadh goirid an dèidh Bile a' Bhuidseit a bhith air aontachadh le Pàrlamaid na h-Alba agus tuilleadh maoin a chuir ri àitean a bharrachd agus taic do dh'oileanaich ann an roinn nan colaistean.

Ged a tha lùghdachadh sa mhaoinachadh airson na bliadhna sgoilearach 2011-12, tha an àireamh de dh'àitean air an gleidheadh agus le bhith ag obair gu dlùth leis an dà roinn agus le Riaghaltas na h-Alba, tha sinn air tighinn gu co-dhùnidhean ro-innleachdail a chuir dìon air prìomh roinnean de sholair agus taic, a' gabhail a-steach ar Tabhartas Rannsachadh Sàr-mhathais a tha air mairsinn aig £213 millean. Tha sinn air

cumail ar tasgadh bliadhna de £20 millean airson cothrom a leudachadh agus chaidh àrdachadh de £10 millean a dhèanamh air an riarachadh taic oileanach airson colaistean.

Chunnacas san àm a tha air a ghabhail a-steach san aithisg seo, pròiseactan agus iomairtean a' tighinn gu buil, a bha nar cùram roinne airson ùine. Ann an Glaschu, dh'ainmich trì colaistean ann am meadhan a' bhaile gun robh iad a' dol còmhla gus Colaiste Cathair-bhaile Ghlaschu a stèidheachadh, a' cruthachadh daineamaig ùr ann an solar foghlam colaiste sa chathair-bhaile agus a' fosgladh suas chothroman mòra, ùra airson com-pàirteachasan le gnìomhachasan, coimhearsnachdan agus solaran-foghlaim eile. Fhuair sinn air pròiseactan oighreachd mòra, ùra aithneachadh mar a bhith "criochnaichte" ann an Langside, Fearann Anna agus Obar Dheathain mar phàirt den phròiseact fad-ùine againn gus àrainnean ionnsachaidh bhrosnachail agus sheasmhach a chruthachadh airson a' chiad linn thar fhichead. Thòisich obair cuideachd air làraich ùra, maoinichte leis a' Chomhairle, airson colaistean Srath Foirthe agus Banbh is Bochan agus chùim sinn oirnn ag ullachadh airson obair eile gus maoinachadh a chur air adhart san àm ri teachd ann am meadhan cathair-bhaile Ghlaschu, Cille Mhearnaig agus Inbhir Nis.

Aig deireadh 2010-11 bha sinn dà bhliadhna a-steach dhan Phlana Corporra làithreach le adhartas sònraichte air a dhèanamh thar nan seachd phrìomh roinnean againn. Tha eisimpleirean den seo air an toirt san earrann "leirmheas air gnìomhan" gu h-ìosal ach chan eil seo na làn chunntas air an obair a tha air àite a ghabhail thar nan raointean cudromach seo de leasachadh. Anns an fhacal-toisich ghoirid seo, bu toil leam mìneachadh mar a tha obair ann an aon de na prìomh raointean seo a' cur gu susbainteach ri sunnd eaconamach na h-Alba san àm ri teachd.

Tha iomlaid eòlais – an raon mòr de dh'ùr-ghnàthachadh tron cheangal eadar lorg agus iomairt – na thùs-amas aig a bheil cudromachd shònraichte sa chliomaid eaconamach làithreach. Tha sinn air dòigh a chleachdadh a tha a rèir iarrais agus le fòcas soilleir air earrannan den eaconamaidh aig a bheil an comas as motha gus fàs eaconamach a ghintinn.

An-uiridh thaisg sinn maoin ann an 10 pròiseactan mar seo agus dh'ainmich sinn 10 eile aig deireadh 2010-11. Chaidh na pròiseactan seo uile a thòiseachadh le gnìomhachasan ag obrachadh le oilthighean gus buannachd farpaiseach a thoirt do dh'Alba ann an roinnean leithid lùths, gnìomhachasan cruthachail, ionmhas agus saidheansan beatha. Sa Mhàrt am bliadhna, aig a' chiad thachartas de sheòrsa, thug sinn am 20 pròiseact còmhla – riochdairean sgoilearachd agus gnìomhachais – gus beachdan agus eòlas a cho-roinn. Tha na pròiseactan a thòisich an-uiridh mar-thà soirbheachail agus a' toirt sùil thar na bha a' dol air adhart an oidhche ud bha e soilleir na ghabhadh a bhith air a choileanadh tro bhith a' toirt an dà chumhachd a bha sin ri chèile gus cur gu seaghach ri beairteas na h-Alba san àm ri teachd.

A thaobh chuspairean eile, leithid cothrom nas fharsainge, sgilean, rannsachadh, co-obrachadh, iomadachd, agus a' toirt taic do institiudan èifeachdach, tha sinn a' leantainn oirnn leis na h-amasan a tha sinn a' co-roinn ris na roinnean agus ri feadhainn eile gus a bhith a' leasachadh agus a bhith a' fàs tro iomairtean com-pàirteachais agus ro-innleachdail.

Chaidh comas ar buidhne a bhith coinneachadh ris na dùbhlain a thaobh atharrachadh san àm ri teachd a dhearbhadh aig deireadh 2010 nuair a ghlèidh sinn ar n-inbhe “Creideas nar Cosnaichean”. Bidh leasachadh ar luchd-obrach gus dèiligeadh ri dùbhlain ar n-obrach na bhun-stèidh air an luach a tha sinn a' toirt seachad do cholaistean, oilthighean, luchd-ionnsachaidh agus luchd-fastaidh na h-Alba.

San dealachadh, is e an dealbh san fharsaingeachd de ar n-obair sa bhliadhna seo, gu bheil sinn air obrachadh gu cruaidh gus coinneachadh ris na dùbhlain a tha an lùib àrainn maoinachaidh a tha a' sìor atharrachadh agus gun lean sinn oirnn gu dealasach airson ar n-amasan fad-ùine a choileanadh. Ann a bhith dèanamh seo, tha mi dhan bheachd, gu bheil sinn air sùbailteachd a nochdadh san dòigh-obrach againn agus comas ceannardas a thabhann ann an amannan doirbh.

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