



SFC Guidance

University Outcome Agreement Guidance for AY 2014-15

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Summary: This guidance announces the Scottish Funding Council's timetable and process for the negotiation of AY 2014-15 outcome agreements. It also sets out the process for the monitoring of the AY 2013-14 agreements.

FAO: University Principals

Further information:

Contact: Paul Hagan / John Kemp

Job title: Director / Director

Tel: 0131 313 6632 / 0131 313 6637

Email: phagan@sfc.ac.uk / jkemp@sfc.ac.uk



Scottish Funding Council
Promoting further and higher education

Scottish Funding Council
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD
T 0131 313 6500
F 0131 313 6501
www.sfc.ac.uk

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Introduction

- 1 The following guidance explains the process of negotiating an outcome agreement with the Scottish Funding Council (SFC) in AY 2014-15. It also explains how previous years' outcome agreements will be monitored.
- 2 University outcome agreements were introduced in AY 2012-13 to assist the university sector¹, to better demonstrate and enhance its contribution to the *something for something* funding settlement as part of the Scottish Government's 2012-13 to 2014-15 spending review.
- 3 Outcome agreements have become a powerful tool in demonstrating what universities deliver in return for public investment and are intended to support:
 - Individual universities to demonstrate their fulfilment of Scottish Government priorities
 - Improvement in the contribution of the university sector to Scottish Government priorities
 - A way of funding the sector which supports the different missions of diverse, autonomous institutions.
- 4 The outcome agreement process is intended to enable:
 - Relationship-based engagement to ensure SFC's funding decisions take account of the context within which universities operate and so that SFC can differentiate its approach where it is appropriate
 - Consistent methods of reporting through an outcome agreement document to ensure that SFC can support the university sector to establish impact at a national level
 - Enhanced transparency and accountability for public expenditure
 - A means by which institutions can discuss with SFC their broader ambitions, including collaborative approaches to strategic challenges.

¹ Scotland has 19 higher education institutions of which 16 are universities and three are specialist higher education institutions. The term university is used throughout this document as shorthand but should be understood to mean all 19 higher education institutions for these purposes

Developing our approach

- 5 As part of SFC's commitment to improving outcome agreements we have made important changes to the process for AY 2014-15. These changes are the result of engagement with the sector, which included an evaluation of the AY 2013-14 process. **Table 1** below summarises the key recommendations from the evaluation along with SFC's response.
- 6 The most significant change from AY 2014-15 is the introduction of **three-year outcome agreements**. SFC will work with individual institutions on the most effective transition to three-year agreements taking into account the scope of existing arrangements and the institution's planning cycles. Once introduced, three-year agreements will be subject to annual adjustment through agreement between the institution and SFC.
- 7 Three-year agreements are being introduced along with changes to a number of SFC's national measures, developed in consultation with the Universities Scotland Funding Policy Group. The recommendations from this work have been used to develop and simplify SFC's national measures to improve the quality and consistency of outcome agreements.

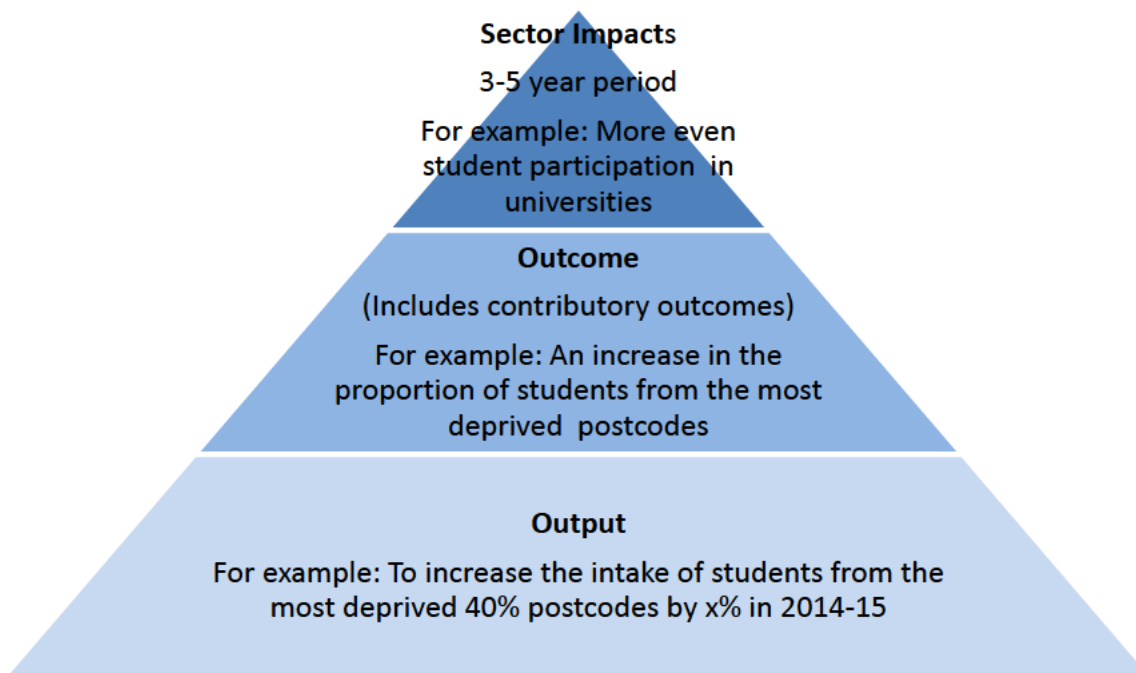
Table 1: Key recommendations from the university outcome agreement evaluation event April 2013

Evaluation Recommendations	SFC's response
<p>That outcome agreements should be multi-year documents updated annually. For AY 2014-15 we should establish a three-year outcome agreement cycle.</p>	<p>SFC has developed a new timeline from AY 2014-15, which establishes three-year outcome agreements that are annually updated.</p> <p>The new timeline corresponds with changes to the outcome agreement document to simplify the on-going reporting.</p>
<p>Outcome agreements help the sector to demonstrate its impact in a way that is important to future spending reviews. Therefore, at the beginning of an outcome agreement cycle, the sector, Scottish Government and SFC should agree the Scotland-</p>	<p>At the start of each annual cycle, SFC will work with Scottish Government and Universities Scotland to establish the Scotland-wide impact to be achieved. This will inform the ambitions of individual institutions.</p> <p>This will help set a framework for what overall national level of ambition is</p>

<p>wide impact we hope to deliver.</p>	<p>reasonable. This would be based on evidence about the external environment as well as the progress made to date by universities.</p>
<p>The outcome agreement should enable impact to be captured consistently so it can be understood at a national level. At the same time, it should align with – and make use of – a university’s existing strategic plan and planning horizons.</p>	<p>The outcome agreement process is intended to support an institution’s responsible autonomy and be derived from, and informed by a university’s existing strategic plan.</p>
<p>To achieve a greater level of consistency we need to ensure we have the right range of measures of impact at the outset. When using measures we need to avoid a mechanistic approach and support institutional led enhancement and self-development.</p>	<p>SFC has adopted a series of national measures developed following discussions with the Universities Scotland Funding Policy Group.</p> <p>SFC has established a method of self-evaluation reporting (see Annex A) to support institutional led enhancement.</p>
<p>We need to achieve the right balance between accountability and the development of best practice, providing the right structures and incentives for collaboration and the sharing of effective practice.</p>	<p>SFC is committed to supporting greater opportunities for the sharing and development of practice as part of the review of progress. Key areas for the sharing of practice would be identified within the annual priority setting with Universities Scotland.</p> <p>SFC also supports outcome agreements to be used by institutions to articulate: their commitment to collaboration across the sector and with industry; the impact of their collaborative activities; and their ambitions and aspirations with respect to collaboration. Where relevant, SFC will continue to promote collaborative proposals in strategically important areas.</p>

The outcome agreement process

- 8 The outcome agreement process combines two elements:
 - A relationship with an outcome agreement manager who acts as a single point of contact for universities, advocating on behalf of universities and supporting and challenging them to make the most effective contribution to Scottish Government priorities
 - Outcome agreement reporting – the means by which SFC understands a university’s commitment to meeting Scottish Government priorities and the progress being made in return for financial investment.
- 9 Outcome agreements are derived from a university’s mission and strategy. They are multi-year in nature and demonstrate the return for public investment – that is, the overall impact SFC expects the university sector to deliver.
- 10 At the institution level, an outcome agreement establishes the contribution that an individual university will make to the overall impact expected of the sector in return for public funding. This contribution is captured with reference to the achievement of particular outcomes. We recognise that in many instances we are measuring progress at interim stages toward the achievement of an outcome. Therefore, for the purposes of this guidance, the word ‘outcome’ may refer to an interim measure or a contributory-outcome.
- 11 An outcome agreement is a strategic, rather than operational, document. It should, therefore, be succinct and focussed, having attention to outputs – that is, the milestones which the university will use to chart its annual progress toward delivering its outcomes. Discussion about the achievement of these milestones will form the basis of the engagement with SFC.
- 12 **Figure 1** below demonstrates the relationship between sector level impacts and institution level outcomes and outputs.



- 13 The outcome agreement process is intended to support an institution's autonomy and ambition. Therefore, achievement of the aspiration in an outcome agreement is the responsibility of a university's court / governing body. SFC has a role to play in supporting the university in its progress.
- 14 SFC recognises the significant progress made in developing outcome agreements for AY 2013-14 and expects that, in most cases, outcome agreements for AY2014-15 will build on and revise those produced for AY 2013-14.
- 15 SFC's ambition is to ensure outcome agreements in AY 2014-15 are simplified with a stronger focus on SMART indicators. Building on the work undertaken by SFC and the Universities Scotland Funding Policy Group to support the sector to demonstrate its impact, universities are asked to capture their ambitions and progress through the combination of a consistent set of national measures and by contextualised indicators, which will be tailored to institutions or groups of institutions.
- 16 Since each outcome agreement will reflect the unique context of each institution, universities will be asked to provide contextual information alongside their outputs and outcomes. Universities, though, are not required to produce detailed lengthy descriptions of operational practice and inputs. As part of the new three-year outcome approach, universities will not be asked to repeat contextual information in each year of the agreement.
- 17 An outcome agreement does not replace a university's existing strategic plan; rather it is derived from it and the two should align so that the agreement

enables individual institutions to negotiate their contribution toward sector level impacts according to their respective priorities and strengths.

Negotiation and engagement

- 18 To support the outcome agreement process, SFC has outcome agreement managers, who will work with universities to negotiate an outcome agreement. They act as the first point of contact between a university and SFC.
- 19 Outcome agreement managers are expected to engage with a range of people across a university including with those who have strategic oversight/responsibility including planners and those with a detailed understanding of the policies and processes under discussion. This breadth of engagement is intended to help develop relationships and build understanding between SFC and institutions.
- 20 To build effective relationships and provide consistency of engagement, outcome agreement managers will discuss progress with universities in three ways.
 - Firstly, they will meet with institutions to discuss the outcome agreement process itself, which will include an initial discussion on interpreting this guidance. This will be followed by meetings to discuss the development, completion and submission of the outcome agreement, including the process and timescale for the institution to move to a three-year agreement
 - Secondly, SFC expects outcome agreement managers to engage with universities to discuss issues of progress. The focus of these engagements will be around evidence of impact. This type of engagement would also provide an opportunity to discuss complexity, help explain particular progress challenges and provide support to institutions in their interactions with stakeholders
 - Thirdly, SFC wants to support universities to work in partnership with others and support the development and dissemination of best practice. For this reason, within each three-year cycle of outcome agreements, SFC will agree with the sector and Scottish Government priority areas for collaborative approaches. These will reflect the challenges faced by the sector alongside Scottish Government priorities and will involve opportunities for collaborative engagement facilitated by SFC. An outcome agreement manager would work with universities to link the best practice to outcome agreements. SFC will ensure these discussions align with and avoid duplication with other processes, for example, the work of the QAA.
- 21 Outwith the formal outcome agreement negotiations, SFC will seek on-going engagement with institutions to assist relationship building and understanding.
- 22 SFC will reflect regularly on the issues presented to outcome agreement managers to identify where the facilitation of sector-wide approaches might be

beneficial. It will also work with the sector to identify where collaborative approaches might provide the best response to particular strategic challenges.

- 23 The outcome agreement process will offer institutions the opportunity to identify issues where, in partnership with SFC, they wish to make collaborative strategic developments. SFC recognises the advantages that such collaborations can offer to Scotland, and these kinds of opportunities should be raised within outcome agreement discussions as well as through the specific mechanisms for determining SFC strategic investments.
- 24 SFC will continue to promote opportunities for collaboration and sharing of good practice through its strategic programme funding and will give particular support for priority areas such as widening access. Outcome agreement managers will act as a means to help facilitate collaborative developments, complementing SFC's work at the national level to support collaborative strategic developments.
- 25 At the beginning of each academic year, SFC will discuss with Scottish Government and the sector the level of impact achieved and its future ambitions – based on SFC, Government and university priorities. Subsequent institutional level discussion will determine how different universities contribute to achieving this. This would establish a foundation for what overall national ambition is reasonable, based on evidence about the external environment and the progress made to date by universities.

Strategic Dialogue Meetings

- 26 SFC recognises the potential complementarity that strategic dialogue meetings offer to the outcome agreement process and from February 2014 will introduce a new three-year cycle of meetings. The meetings will enable a discussion between universities and SFC board members and the outcome agreement manager on the progress with outcome agreements as well as other issues where SFC's policies and funding can support an institution's strategic plan. This dialogue will support both SFC's understanding of an institution's mission and their progress in meeting Scottish Government priorities as well as an institution's understanding of SFC's strategic aims. It also provides an opportunity for institutions to demonstrate their impact and highlight their ambitions.

Monitoring

- 27 The negotiation of the AY 2014-15 outcome agreements will be informed by the monitoring of progress and achievements from the AY 2012-13 agreements and the very early progress of the AY2013-14 agreements. The two processes overlap so that progress informs future target setting.
- 28 While discussions on progress continue throughout the year, the monitoring process includes a number of key stages which are set out below.

Self-evaluation

- 29 Although outcome agreements are three-yearly, there is still a requirement for universities to account for the funding received in the preceding year and submit an annual self-assessment progress report. In addition to accounting for the funding received, the reporting of achievements and progress in October each year is intended to support an institution in refining its outcome agreement within the three-year cycle.
- 30 Outcome agreement managers will meet with institutions to discuss this progress report as part of the process of consolidating or updating their outcome agreement within the three-year cycle. This progress report sits alongside the annual report on institution-led internal review, required as part of the quality assurance and enhancement arrangements. We expect these two reports to inform each other.
- 31 Further information on how to complete a self-evaluation report is contained at **Annex A**.

On-going monitoring

- 32 Building on this evidence base, SFC will provide an assessment of progress for each institution, which will then be discussed with the university.
- 33 To better manage the time-lag in data availability, in December universities will be asked to prepare an early data return in relation to student recruitment. This data will be used in discussions with SFC from February to enable universities to refine their output targets for their forthcoming agreement. This information will also be used to provide a reflection on aggregate progress at the national level. SFC will discuss with the sector the most efficient and effective way of collecting this information.
- 34 In addition, on-going operational relationships with agencies across Scotland and the UK e.g. Scottish Enterprise, Highlands and Islands Enterprise and the Research Councils, will be used to inform outcome agreement discussions with institutions.

Quality arrangements

- 35 Quality assurance and enhancement underpin the outcome agreements and remain continuing requirements and a condition of funding.
- 36 Universities are to ensure that they have effective arrangements for managing academic standards and enhancing the quality of the student learning experience, so that they continue to meet the requirements set by SFC in SFC/14/2012 – *Council guidance to higher education institutions on quality from August 2012*
(<http://www.sfc.ac.uk/newsinformation/Circulars/2012/SFC1412.aspx>).
- 37 There are well-established arrangements for the monitoring and evaluation of quality. As well as enabling SFC to discharge its statutory duty for the assessment and enhancement of quality, the outputs from these quality arrangements inform and contribute to the monitoring of outcome agreements. QAA Scotland carries out Enhancement-led institutional reviews (ELIR) and reports to SFC. The overarching judgement is expressed in terms of *effective/limited effectiveness/not effective*.

Outcome setting and funding

- 38 At institutional level the outcome agreement sets out the outcomes a university will deliver in return for public funding. SFC expects institutions to set achievable but stretching aspirations that enable the sector to deliver the impact expected of it in return for public funding.
- 39 SFC funding will be dependent upon the establishment of an outcome agreement and future funding could be varied depending upon delivery against the agreement.
- 40 The overwhelming majority of SFC funding will continue to be formula based. SFC will continue formulaic allocations in relation to teaching, research and knowledge exchange funding. At the same time, as with current strategic funding, specific sums of funding may be linked to the achievement of specific outcomes.
- 41 SFC also provides funding through the outcome agreements which is ring-fenced by Scottish Government for specific purposes (for example, student places for pre-registration Nursing and Midwifery). These funds come with specific conditions of grant.
- 42 The outcomes SFC wishes to see universities deliver will be clearly defined so we will be able to measure progress and, where appropriate, recover funding or reduce future funding commensurate with progress towards agreed outcomes. To enable SFC to better understand progress, outcome agreement managers will require evidence of outputs / milestones towards specific outcomes.
- 43 In cases where there is no specific element of funding associated with a specific outcome, a commensurate proportion of an institution's funding could be at risk of recovery. In such cases, SFC will consider and negotiate progress and the level of any potential penalty.
- 44 SFC recognises that consideration of the recovery of funding must be operated in a way which supports universities in setting stretching ambitions for what they will achieve in return for SFC funding. To that end:
- SFC will take full account of the degree of ambition and stretch in a university's intended outcomes, and will ensure that universities are not penalised for setting and working towards ambitious outcomes
 - SFC will take full account of changes in the external environment which impact on universities' capacity to attain their projected outcomes.
- 45 Both SFC and universities will work together if there is a risk that SFC may need to impose funding recovery. This will include universities informing their outcome agreement manager as soon as they become aware of possible

problems. If appropriate, targets, timescales and funding can be renegotiated. The key to making this work will be a strong and open relationship between universities and their outcome agreement manager.

- 46 Any decisions to recover or reduce funding would be proportionate and based on holistic considerations of an institution's performance rather than a mechanistic or formulaic reduction. Further information on SFC's outcome based funding decisions can be found at **Annex B**.
- 47 Progress and funding will be discussed with individual institutions. As part of its commitment to continuous improvement, SFC will continue to evaluate available data and the performance measures to help contextualise the progress of the sector and individual institutions. Each year as part of the monitoring of progress, SFC will aggregate the impact of the outcome agreements, using existing metrics and data, and discuss this progress with the sector and with Scottish Government.

Timeline

- 48 In introducing three-year outcome agreements, SFC recognises that different institutions will be at different stages in their strategic planning. It is acceptable, therefore, for universities to construct an agreement over a shorter timeframe to allow for a transition to a three-year agreement, which, if they choose, may align with their broader strategic planning cycle.
- 49 National dialogue with the sector will take place in August 2013 at the Universities Scotland away-day, thereafter negotiations over the content of the AY 2014-15 outcome agreements will start in September 2013.
- 50 A well-developed draft of the outcome agreement must be submitted to SFC by 29 November 2013.
- 51 Outcome agreement managers will discuss potential amendments in December 2013.
- 52 The final outcome agreement should be submitted by 10 January 2014.
- 53 SFC will meet to approve outcome agreements and make indicative funding allocation decisions in January 2014. Allocations remain indicative at this time as the Scottish Government Budget will not be finalised until February.
- 54 Following error checking and final verification, outcome agreements will be signed-off before the end of March 2014.
- 55 Outcome agreements will be published in April 2014.
- 56 As part of the annual refresh of agreements and annual approval of funding this timeline will roll forward each year.

Activity	Deadline
Guidance updated and published	July 2013
Dialogue with the sector in relation to national aspirations	August 2013
Negotiations start	September 2013
Self-evaluation progress report on 12-13 submitted	31 October 2013
First draft outcome agreement submitted	November 2013
Amendments	December 2013
Indicative allocations announced	January 2014
Final Sign-off – final allocations announced	March 2014
Publication of outcome agreements	April 2014

The AY 2014-15 outcome agreement

- 57 In response to consultation feedback, from AY 2014-15 SFC wants all universities to produce three-year outcome agreements. Although this does not mean three-year funding, this change will help to make it easier for universities to plan activity over the longer term and better align outcome agreements to university strategic plans.
- 58 Importantly, the level of ambition in an outcome agreement can still be revised on a yearly basis to reflect the progress made and the fact that situations outwith the control of institutions may arise.
- 59 While outcome agreements may be revised each year as part of the annual engagement with SFC, they will not need to be completely re-written. We would expect universities to confirm and or update the commitments in the agreement annually based on progress and – if appropriate – external factors including changing Government priorities.
- 60 Reflecting the wide diversity of the university sector, there is not a standard template for an outcome agreement. However, to achieve greater consistency in demonstrating Scotland wide impact, the three-year outcome agreements will need common elements. Reference should be made in the agreement to each of the SFC’s strategic aims which should be structured to include:
- Contextual information to aid the interpretation of the outcomes an institution has set for itself
 - Progress reporting against outcomes, using SFC’s national measures described in the next section and expressed consistently to include a baseline, target and progress.

SFC priorities and national measures for AY 2014-15

- 61 Building on Scottish Government priorities and Ministerial letters of guidance, the priority areas for outcome agreements for universities are set out below structured around the strategic aims in SFC's strategic plan.
- 62 SFC's national key priorities from 2014-15 are to see:
- An increase in the retention rate of full-time Scottish domiciled undergraduate entrants
 - An increase in the number of college students articulating from college with advanced standing
 - An increase in the proportion of Scottish-domiciled undergraduate entrants from the 40% most deprived postcodes
 - An increase in the percentage of Scottish-domiciled graduates entering positive destinations
 - An improvement in the sector's performance in REF2014 compared with RAE2008
 - Leverage of investment at the UK and European level maximised to enhance HEI/industry collaboration particularly for Small and Medium sized Enterprises.
- 63 When setting out ambitions, to reflect the diversity of the sector and avoid imposing a single rigid framework of performance measures, universities are asked to use SFC's national measures which build on existing well-defined data sources, supplemented by institution-specific measures.
- 64 Following consultation with Universities Scotland (through the Funding Policy Group), for AY2014-15 SFC has refined its national measures for a number of SFC's strategic aims. This has resulted in the development of new measures as well as changes to the definitions of a number of existing measures.
- 65 These changes and the full list of measures are set in **Table 2** below.
- 66 **Annex C** gives technical definitions for each national measure, sufficient to allow each institution to replicate exactly SFC figures and baselines.

Table 2: SFC’s national measures

Aim 1: Improve access to higher education for people from the widest possible range of backgrounds		
Outcome	National measure	Institution measure
<p>More even patterns of participation by different groups of learners, including those from areas of deprivation, from protected characteristic groups and care backgrounds.</p> <p>An increase in the number of students articulating with advanced standing from HNC/HND to degree level study.</p> <p>More institutions applying best practice in contextualised admissions.</p>	<p>(1) The number and proportion of Scottish-domiciled learners articulating from college to degree level courses with advanced standing.</p> <p>(2) The proportion of Scottish-domiciled undergraduate entrants from the 20% and 40% most deprived postcodes.</p> <p>(3) The proportion of Scottish-domiciled undergraduate entrants from the Schools for Higher Education Programme - SHEP (i.e. schools with consistently low rates of progression to higher education).</p> <p>(4) The proportion of Scottish-domiciled undergraduate entrants by different protected characteristic groups and care leavers.</p> <p>(5) The proportion of full-time first year Scottish-domiciled entrants from different protected characteristic groups returning to study in year two.</p>	<p>Evidence that steps are being taken to address any barriers to recruitment and progression for learners from deprived/ disadvantaged backgrounds including those who are or were looked after. This may include:</p> <ul style="list-style-type: none"> • Contextual information, e.g. SAAS, EMA, first in family, care leaver, carer • Institution data on protected characteristic groups • Effective support arrangements for care leavers including external recognition of support, e.g. Buttle UK Quality Mark • Promoting access and equalities legislation in a way that is consistent with mission. <p>Evidence that institutions (particularly those that are part of the articulation hubs and/or in receipt of additional places for articulation) are maximising opportunities for guaranteed progression from partner colleges.</p> <p>Institutions in receipt of additional funded places for widening access and/or articulation should make reference to the contribution that these places will make to achieving their institutional targets under aim 1.</p>

Aim 2: High quality, efficient and effective learning – learner journeys are short, efficient and effective as possible and learners experience the highest quality of learning and teaching and achieve successful outcomes		
Outcome	National measure	Institution measure
<p>An improvement in the retention and success rates of learners.</p> <p>Greater flexibility in entry and exit points, where appropriate, to reduce potential inefficiencies in the learner journey where this is of benefit to the learner.</p> <p>Quality of learning provision and learner outcomes assured and enhanced.</p>	<p>(6) The number and proportion of full-time first year Scottish-domiciled undergraduate entrants returning to study in year two.</p> <p>(7) The proportion of full-time students starting first degrees with projected outcome of “Degree”.</p> <p>(8) The difference from the individual institution’s UK benchmark figure for students satisfied with the overall quality of their course of study in the National Student Survey.</p>	<p>Evidence that institutions are identifying significant barriers to retention, and have in place strategies to reduce those barriers, drawing on good practice in their institution and elsewhere.</p> <p>Achieve ‘effectiveness’ judgment in QAA enhancement-led institutional review (ELIR).</p> <p>Statement of assurance on institution-led internal review (self-evaluation of quality).</p>
Aim 3: Right learning in the right place – secure coherent provision of higher education in Scotland in line with SFC’s statutory obligation		
Outcome	National measure	Institution measure
<p>Universities are responsive to current and future skill requirements of employers.</p> <p>More targeted recruitment to courses of national and regional economic significance.</p> <p>Nationally coherent and regionally aligned nursing provision.</p> <p>Implementation of the National Gaelic Language Plan.</p>	<p>(9) The proportion of Scottish-domiciled undergraduate entrants to STEM courses.</p>	<p>Statement outlining how the institution is responding to evidence of current and future skills requirements of employers, as outlined in Sector Skills Investment Plans and when available Regional Skills Assessments.</p> <p>Statement outlining potential major changes to provision. Specifically, identify any significant changes in demand for modern language provision, together with any intentions to make significant changes to their portfolio of modern foreign language provision.</p> <p>Evidence from Nursing providers demonstrating commitment to collaboration with other</p>

		<p>providers on a regional basis to fully implement changes to provision.</p> <p>Statement outlining activities in support of the National Gaelic Language Plan.</p> <p>Institutions in receipt of additional funded places for undergraduate and/or taught postgraduate skills should make reference to the contribution that these places will make to achieving their institutional ambitions under aims 3 and/or 4.</p>
<p>Aim 4: A developed workforce – learners who have the skills, knowledge and entrepreneurial spirit to get a job and progress their career; and institutions that respond to the skills needs of the economy locally and nationally</p>		
Outcome	National measure	Institution measure
<p>An increase in the proportion of graduates in work or further study six months after graduating, and of those in work, a reduction in the proportion in Non-Graduate (as opposed to Graduate) occupations, where these proportions appear to be particularly high.</p> <p>Graduates are well prepared for work and can utilise their skills effectively in the increasingly international labour market.</p>	<p>(10) Percentage of Scottish-domiciled graduates entering positive destinations (TBC).</p>	<p>Enhanced provision of work related learning demonstrated by:</p> <ul style="list-style-type: none"> • Identifying areas of skill development and skills utilisation for enhancement • Providing baseline of current provision in relation to placements and expressing ambitions for growth. <p>Enhanced provision focused on internationalising the student experience demonstrated by providing baselines and expressing ambitions for growth in:</p> <ul style="list-style-type: none"> • Opportunities to study abroad • Opportunities to enhance language skills • Tackling barriers, perceived and real, to students taking up the opportunities offered abroad.

		Statement outlining strategies/goals for reducing the proportion of graduates entering 'non-graduate' occupations (for those institutions with a high proportion of graduates in this category).
Aim 5: A research base that is internationally competitive and improving its reputation and standing in the world		
Outcome	National measure	Institution measure
<p>An improvement in the sector's performance in REF2014 compared with RAE2008.</p> <p>Scotland maintaining its share (relative to the UK) of research council and research charity income; and increasing its share of income from EU Government Bodies.</p> <p>Enhanced research and KE collaboration.</p> <p>An increase in the number of institutions and departments securing Athena Swan awards.</p>	<p>(11) Ratings of submissions to the Research Excellence Framework.</p> <p>(12) Number of research postgraduate students and research assistants.</p> <p>(13) Amount and percentage share (UK and Scotland) of income from the Research Councils, major research charities and European Commission.</p>	<p>Statement outlining commitment to collaboration across the sector and with industry; ambitions and aspiration with respect to collaboration and the intended impact of these collaborative activities.</p> <p>Statement of assurance that the institution has, or is developing, processes and structures to implement the principles and commitments in the Research Integrity Concordat.</p> <p>Statement of ambition regarding Athena Swan awards.</p>
Aim 6: University-industry collaboration – deliver a step-change in the engagement of business and industry with universities, removing any barriers to the exploitation of research for economic and wider societal benefit		
Outcome	National measure	Institution measure
<p>A step change in the engagement of business and industry, through significantly enhanced HEI/industry collaborations including the establishment of Innovation Centres in sectors important to Scotland's economy and the establishment of a 'Single Knowledge Exchange Organisation'.</p>	<p>(14) Range of established Knowledge Transfer Grant (KTG) metrics and the Higher Education and Business Community Interaction Survey (HEBCI).</p> <p>(15) The number of SFC innovation vouchers (IVs), follow-on IVs and H2020 IVs.</p>	<p>Statement of ambition in this area, including commitment to the delivery of easy access IP; to engage actively with Interface; and to continue to work with the creation of the Scottish KE Organisation.</p> <p>Priorities and goals for engagement with SMEs – in particular through the vehicle of innovation</p>

<p>Maximise the potential for leverage of further investment at the UK and European level to further enhance HEI/industry collaboration, particularly for small and medium sized enterprises (SMEs).</p>		<p>vouchers (IV), follow-on IVs and the upcoming H2020 IVs.</p> <p>Plans for collaborating with Innovation Centres.</p> <p>Plans and ambitions for engagement with UK and European initiatives (e.g. TSB catapults).</p>
<p>Aim 7: Sustainable institutions – ensure high quality of governance and management for institutions delivering long-term and financial and environmentally sustainable interactions</p>		
<p>Outcome</p>	<p>National measure</p>	<p>Institution measure</p>
<p>Institutions have in place appropriate and effective governance structures which ensure sound governance, internal control and risk management.</p> <p>Institutions’ governing bodies have clear ownership of institutional sustainability.</p> <p>Institutions invest in their estates for teaching and research at a sustainable level.</p>	<p>(16*) Gross carbon footprint (3 year period)</p> <p>(17*) Operating surplus/deficit as % of total income.</p> <p>(18*) Non-SFC income as % of total income.</p> <p>(19*) Current assets: current liabilities ratio.</p> <p>(20*) Days cash to expenditure.</p> <p>(21*) Earnings before interest, taxes, depreciation and amortisation.</p> <p>(22) Annual capital and maintenance spend on estates and building as a proportion of value of estate.</p>	<p>The financial sustainability of each institution will continue to be monitored through the established financial forecast and annual accounts return, issued and analysed by SFC’s Learning, Governance and Sustainability group.</p> <p>Institutions are asked to provide a statement on their efforts to explore and exploit opportunities to improve efficiency and effectiveness through collaboration and shared initiatives.</p>

*These financial sustainability indicators are mainly based on the information SFC currently collect. Institutions will be aware that there is a project being undertaken by the UK Higher Education Financial Sustainability Strategy Group (FSSG) to pilot an Annual Sustainability Assurance Report (ASSUR) which includes a set of indicators on financial performance and sustainability, and financial health. SFC plans to write to all Scottish institutions about the pilot. When the outcome of the ASSUR pilot is known SFC may revisit the financial sustainability indicators.

Interpreting SFC's national measures

- 67 **Table 2**, above, sets out the national measures to be used by universities to show progress against SFC's strategic aims.
- 68 Where a national measure is available and relevant it should be included within the outcome agreement to enable SFC to establish Scotland-wide impact. In such instances, progress should be reported consistently with reference to a baseline, current progress and future ambition.
- 69 Where the table makes reference to an institution-level measure, a university can provide its own outcome measures (and/or narrative) to demonstrate success. In certain cases, both types of measures will apply.
- 70 Institution-level measures can make reference to existing measures produced by other agencies e.g. HESA if appropriate, and can be used by institutions as part of a basket of measures to demonstrate impact.

Access for people from the widest range of backgrounds

- 71 SFC wants to improve people's life chances by ensuring learners in Scotland, regardless of their background, are able to access the highest levels of educational provision and reach their full potential. This is in line with the commitments set out in SFC's equality outcomes and published on our website at http://www.sfc.ac.uk/aboutus/our_conduct/Equality.aspx. Therefore, equality and diversity should be embedded throughout an outcome agreement and considered in relation to all of SFC's strategic aims.
- 72 In accepting the use of the Scottish Index of Multiple Deprivation (SIMD) as a measure of widening access, the Universities Scotland Funding Policy Group recommended that other measures should be used alongside SIMD to give a balanced view of an institution's proportion of entrants from a widening access background, particularly in areas where SIMD is less effective in identifying areas of deprivation. It was agreed therefore that universities would also record their progress in recruiting students from schools supported by SFC funded *Schools for Higher Education Programme* (SHEP). We also encourage institutions to report on their recruitment from other low progression schools as appropriate.
- 73 When reporting progress against SIMD, SFC will use SIMD2012 over the three-year outcome agreement cycle, starting in 2014-15.
- 74 When considering progress with articulation, SFC will use the National Articulation Database (NAD) to report from AY 2014-15.

- 75 Since SFC requires all universities to report their progress on widening access through their outcome agreement, currently there is no additional need for a separate widening access outcome agreement. However, following the Post-16 Education (Scotland) Act 2013, Scottish Ministers may require college regions to comply with a widening access agreement.
- 76 To reflect the importance of progress in widening access to the Scottish Government, SFC will discuss with individual institutions the requirement for more detailed reporting where it is required. This will also include reporting on collaborative activities to develop and promote effective practice. This is to help ensure we capture progress in relation to complex issues, for example, progress on contextualised admissions, as well as reflecting the unique contribution different institutions will make to widening access.
- 77 The Post-16 Education (Scotland) Act 2013 requires SFC to undertake a review of the extent to which progress is being made in enabling, encouraging and improving participation in further and higher education by persons belonging to socio-economic groups which are under-represented. This review will take place within three years from the commencement of the Post-16 Education (Scotland) Act 2013. Universities will be asked to contribute to this review individually or as part of collaborative initiatives, and may be required to provide additional information and evidence on progress to SFC. SFC will report the progress made to Scottish Ministers and post-16 education bodies.

Right learning in the right place

- 78 SFC asks that all institutions discuss with their outcome agreement manager their portfolio of provision at a very broad level and highlight any significant changes that they plan to make as a result of changes in the level of demand or other factors.

Gaelic

- 79 SFC is committed to supporting the development of the Gaelic language through universities. Some universities play a role in supporting the language and we want to use outcome agreements to enhance this. Maintenance and development of provision for Gaelic learners and Gaelic speakers, and the means of contributing to the aims of the National Gaelic Language Plan (NGLP), should be considered in relation to all the key themes of the outcome agreement.
- 80 The NGLP includes “strengthening the unique capacity in FE and HE to enrich the profile of Gaelic in Scotland” among its strategic priorities. Its overall purpose is to secure an increase in the number of people learning, speaking and using Gaelic in Scotland. SFC is committed to work with Bòrd na Gàidhlig on the implementation of the NGLP and, like several universities, has its own Gaelic

language plan (2009-14) produced under the Gaelic Language (Scotland) Act 2005.

- 81 Outcome agreements – where appropriate – should include reference to the National Gaelic Language Plan (NGLP) 2012-17² and universities are asked to consider how they protect and build on their Gaelic provision. We recognise that some universities will have a far larger role to play in this than others. We expect universities to be able to demonstrate that they have considered the appropriate level of support for the language in their individual circumstances.

A developed workforce

- 82 In reporting progress on developing graduate skills, SFC recognises that not all possible measures will be relevant to all institutions. Furthermore, SFC recognises that in some cases, qualitative information will be a more effective means of evidencing progress.
- 83 In 2014-15, SFC is interested in how universities ensure the development of students' skills and ensure students are aware of the skills they possess and how best to use them (student skills development). SFC is also interested in how universities work with employers to ensure their employees effectively use their skills (skills utilisation). In particular, skills utilisation should capture evidence of partnerships, scholarships and placements, while student skills development should continue to emphasise placements, but should include a broader range of work related learning.
- 84 From 2014-15 SFC's definition of employers includes the public and voluntary sectors. In addition, the results from the Higher Education Statistics Agency (HESA) Destination of Leavers from Higher Education (DLHE) statistics will be included as a measure in all outcome agreements. Further information on this is contained in **Annex C**.

Research

- 85 The REF (Research Excellence Framework) will be the primary indicator of research quality expressed within outcome agreements, and the "Other Activity Indicators" i.e. the number of research postgraduate students and research assistants, will be used to indicate progress between REF exercises.
- 86 From AY 2014-15, SFC will also require institutions to capture the impact of research activity in terms of the amount and percentage share of income achieved from UK Research Councils, major research charities, and the European Commission. This data is available from HESA.

² <http://www.gaidhlig.org.uk/bord/en/national-plan-for-gaelic/>

University-Industry collaboration

- 87 SFC will, for now, continue to use existing KTG metrics and for AY2014-15 each university will establish a set of core measures taken from the metrics for its outcome agreement. As agreed with the Universities Scotland Research Committee, SFC will continue work with the sector to refine KTG measures to more effectively capture the quality and value of industry engagements. To help this, universities are encouraged to use their own measures.

Sustainable institutions

- 89 SFC formula capital maintenance grant must be used for estates build/maintenance and debt servicing associated with capital developments. As a general guide best practice suggests that investing somewhere between 4-6% of total asset value is required to maintain the estate in good order. All spend must be aligned to each university's estates strategy.

Student engagement in the development of outcome agreements

- 90 SFC expects universities to show evidence of how the outcomes within the outcome agreement have been actively developed and discussed with students of the university. SFC Board members and executive will continue to meet with students and appropriate representatives of the student body to discuss engagement and their views on the content of the agreement as part of the series of strategic dialogue meetings.

Additional strategic investment in AY 2014-15

- 91 To support the sector in achieving impact against Scottish Government priorities, SFC committed additional investment from AY2013-14 in the key priorities of access, articulation, skills, knowledge exchange and sustainability.
- 92 SFC supported knowledge exchange through investment in Innovation Centres, promoted sustainability through investment in carbon reduction projects and allocated additional places to universities to support access, articulation and skills.
- 93 The achievement of the additional places is closely tied to the goals outlined in outcome agreements for AY2013-14 and the AY2014-15 outcome agreements are expected to continue to make reference to the contribution that they will make toward the targets outlined in outcome agreements.
- 94 In response to the evaluation feedback, further background information on the additional places, including guidance for using the places in AY2014-15 and how SFC will monitor their use, can be found in **Annex D**.
- 95 Outcome agreement managers will continue to discuss progress and targets with individual universities. Initial feedback from the sector indicates that most institutions are on target to fill the additional places. The timing of recruitment to these places means that in-year redistribution is impracticable and so in the unlikely event that places are not filled it is not our intention to redistribute the places, in year, in 2013-14. However, SFC will continue to monitor the supply and demand for the additional places through working closely with individual universities on their progress on recruitment. SFC may consider future re-distribution if necessary in light of the progress being made.

