Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

Appendix 1

SFC GUIDANCE

REFERENCE: SFC/GD/21/2025

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OUTCOMES FRAMEWORK & ASSURANCE MODEL: GUIDANCE FOR INSTITUTIONS

Outcomes Framework & Assurance Model: Guidance for Institutions

Issue Date: 30 October 2025

Reference: SFC/GD/21/2025

Summary: The Scottish Funding Council (SFC) gathers evidence of each institution's contributions, impact and delivery against its Outcomes Framework through the Assurance Model. This guidance sets out how SFC will monitor and engage with each college, college region and university as part of the SFC Assurance Model.

FAO: Principals / Chairs / Finance Directors / Board Secretaries of Scotland's colleges and universities and the general public.

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Introduction and Purpose

Introduction

1. SFC gathers evidence of each institution's contributions, impact and delivery against its Outcomes Framework, through the Assurance Model. This guidance sets out how SFC will monitor and engage with each college, college region and university as part of the SFC Assurance Model.

2. This guidance also sets out the requirements for end-of-year sign-off, optional contextual commentary, and case studies that form part of the assurance over delivery of the Outcomes Framework.

Background

3. The SFC report Coherent Provision and Sustainability: A Review of Tertiary Education and Research signaled SFC's intent to revise its approach to accountability. In June 2024, following work to review the existing systems of assurance and accountability, SFC announced that the Outcomes Framework and Assurance Model (OFAM) would replace Outcome Agreements. AY 2024-25 was a transitional year, during which the Outcome Agreement process was finalised, and institutions' last Self Evaluations were submitted in early 2025. At the same time, OFAM was gradually implemented: at sector workshops held in November 2024, SFC set out the timescales for engagement between institutions and their Outcome Manager based on the new model and summarised the key sources of assurance to be used for each Outcome. Monitoring and engagement with institutions on the basis of the new model began in January 2025.

Additional Context

4. We recognise that colleges and universities are operating in a challenging financial environment and that institutions are continuing to deliver a responsive learning approach, ensuring the well-being of students and staff, and delivering an education-led economic transformation for Scotland. SFC is taking steps to support all colleges and universities during these challenging times. OFAM helps us to identify where institutions are encountering challenges and need additional support to deliver outcomes. It also provides a strong evidence base for the sector's achievements and continued strong delivery against the Outcomes Framework.

5. Reflecting the increasing risk to institutions' financial health, and following the publication of the Gillies Report into the root causes of the issues at the University of Dundee, SFC has published guidance on expectations of good governance and is considering how it enhances its institutional scrutiny – this may include an enhanced approach to monitoring financial viability and sustainability and revised Financial Memoranda. These changes are outwith this OFAM guidance, but we will engage with colleges and universities on these matters as our thinking develops.

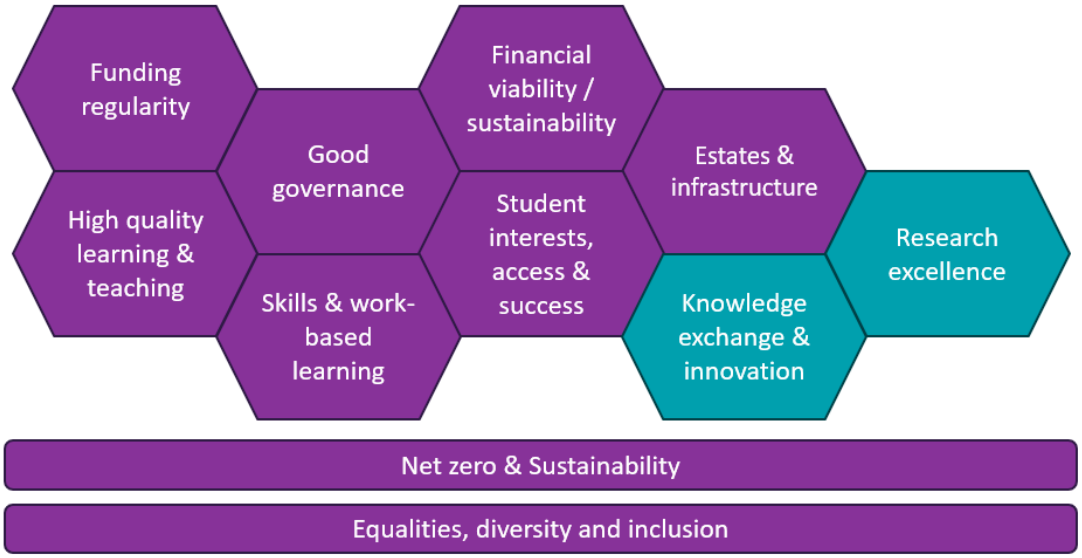
6. As set out in our Review of Coherent Provision and Sustainability, we will work

collaboratively with the sector and key stakeholders to develop our approach to accountability and the related impact framework, to ensure greater alignment with Scotland's National Performance Framework and the UN Sustainable Development Goals, and the Scottish Government's expectations for colleges and universities as set out in its Purpose and Principles and the Ministerial Letter of Guidance.

OFAM Overview

7. The Outcomes Framework sets out SFC's expectations of colleges and universities in return for the funding that they receive but does not specify targets or bespoke expectations for each institution. Outcomes are instead expressed more generally across the broad range of areas that matter to students, employers, the Scottish Government and other key stakeholders.

8. Within the Outcomes Framework, there are seven outcomes that apply to both colleges and universities, with an additional two outcomes that apply to universities only. In addition, there are two further outcomes that are cross-cutting and apply across each of the other applicable outcomes for both colleges and universities. The outcome headings are shown in the diagram below and following sections of this document set out further detail on each of the outcomes.

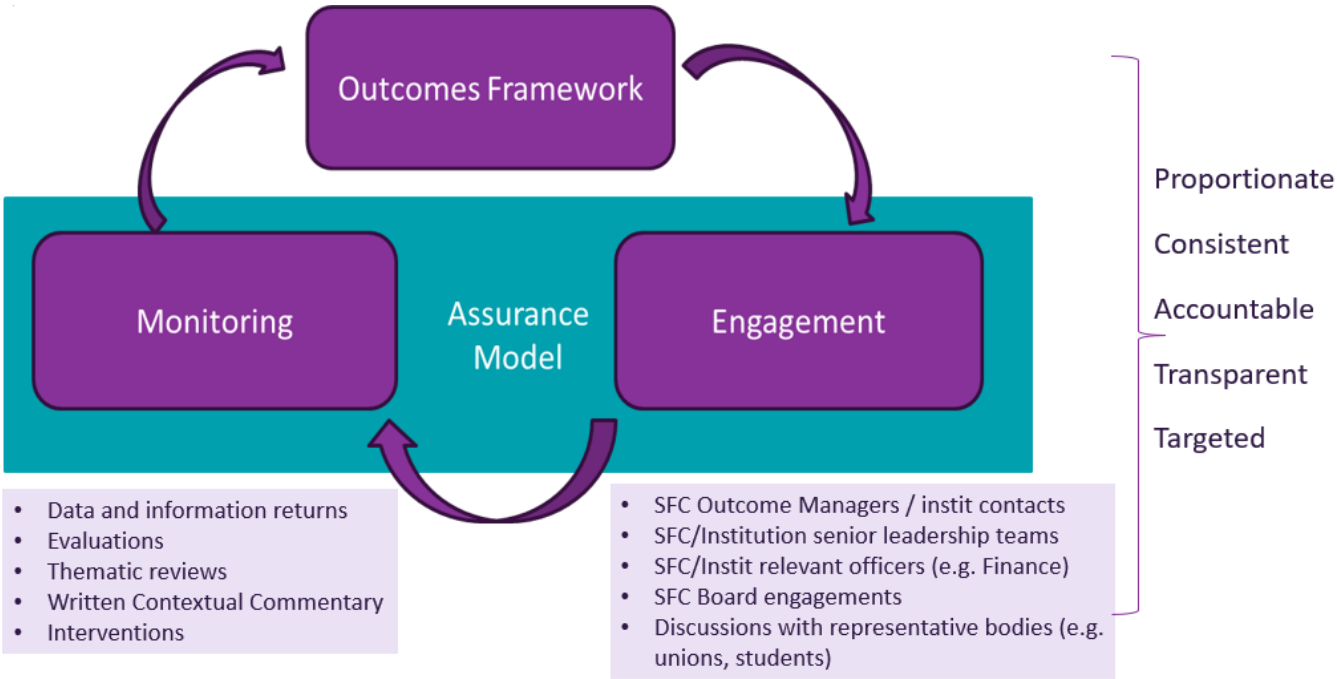


9. The outcomes are not expected to change year-on-year, nor will we be asking colleges and universities to submit written information in advance about how they will deliver these outcomes.

10. The Assurance Model is the mechanism by which SFC is assured that the outcomes in the Framework are being delivered and enables individual institutions' missions, contexts and circumstances to be taken into account appropriately. Colleges and universities have flexibility in demonstrating how they deliver the outcomes – this reflects that no two institutions are exactly the same – and that their context can be taken into consideration in understanding how each has delivered the outcomes.

11. There are two primary elements to the Assurance Model: (a) engagement and (b) monitoring. Engagement covers a broad range of interactions that SFC has with institutions as well as with students and other key stakeholders. SFC monitoring is primarily based on its existing data collections and returns, and these will continue and are incorporated into the OFAM's arrangements, where it is our view that these continue to be fit for purpose.

12. Engagement also includes intervention activity that SFC undertakes both to understand and to gain assurance over areas of risk, challenge and issue for colleges and universities. This includes supporting institutions as they address these matters. As SFC already undertakes such intervention activity in a variety of ways this is not a new strand of activity. Interventions will always be proportionate, targeted and bespoke to the matters at hand.



SFC Requirement of Institutions

13. SFC requires universities and colleges to demonstrate their contribution to the Outcomes Framework through participation in the Assurance Model in the following ways:

    - **Undertake regular engagements with their Outcome Manager.** Engagements will take place on a regular basis. Standard engagement will take place on the timescales set out at Annex A. The purpose of these meetings is to discuss SFC's assessment of the institution's contribution to the Outcomes Framework as evidenced through the core monitoring sources, and for institutions to provide additional contextual information or evidence to SFC. In certain circumstances, more intensive engagement with an institution may be necessary with more frequent meetings and information requests.

- **Submit case studies** to demonstrate ways in which funding has been used to deliver against the priorities set out in the Outcomes Framework. Topics for Case Studies to be submitted under OFAM will be communicated to institutions separately.
- **Co-sign with SFC on an end-of-year summary document.** This will comprise a short summary of performance against the Outcomes Framework. This ensures transparency between SFC and institutions about delivery against the Outcomes Framework and the evidence base for that assurance. Institutions will also have the opportunity to submit written contextual commentary as part of the end of year sign-off, but this is optional. An example of the end of year sign-off format is provided at Annex B.
- **Participate in Thematic Reviews.** In some instances, SFC may identify the need to take an in-depth look at a specific topic and will conduct a Thematic Review. A Thematic Review may be conducted because SFC's overall monitoring has picked up an issue which we think requires an in-depth sector-level examination and we do not have the information available to do this within our main monitoring returns.

14. The following sections of this paper set out detail on the overarching processes that sit within the Assurance Model. It is then split by individual Outcome detailing the elements of the model which are specific to each outcome.

Overarching Process

Internal SFC pre-meetings

15. Prior to each engagement, SFC Outcome Managers meet as a group with the relevant policy team(s) in SFC to jointly analyse the agreed monitoring sources we have available for each Outcome and discuss any recent engagements SFC staff have had with institutions. The SFC teams make a joint assessment of each institution's contribution to that Outcome on the basis of the available evidence.

16. This internal SFC assessment is discussed with the institution as part of the Outcome Manager's engagement with the institution, and the institution is invited to provide additional context or commentary.

17. The detail of core monitoring sources to be used in respect of each Outcome, and the key assessments that SFC makes, is set out in the following sections of this document.

Engagement between SFC and institutions

18. For each engagement, SFC takes the following steps in advance of the meeting with the institution:

- Provides the institution with a draft agenda confirming which Outcomes will be discussed.
- Invites institutions to indicate whether there are other issues that they wish to discuss with SFC, or any updates that they wish to provide, in addition to the specific Outcomes which have been identified for discussion.
- Provides the institution with a snapshot of any relevant data relating to the Outcomes to be discussed. We aim to do this at least one week in advance of the engagement.
    - The OFAM Technical Guidance for data can be found here.
    - The institution should notify their Outcome Manager of any significant discrepancies with the data (to avoid using the meeting time for technical discussion of the data, rather than discussion of substantive issues).
    - It should be noted that not all Outcomes are associated with numeric data-based measures. For those Outcomes that are not data-based, SFC will advise the institution of the substantive issues to be discussed.
- In some cases, SFC Outcome Managers invite an SFC colleague from the relevant policy team to the institutional engagement, for example, this might be required if there is a particular technical matter to discuss or a new source of assurance is being used for the first time. The institution is informed if this is the case and advised that they may wish to consider consulting or involving colleagues with equivalent expertise, if relevant.

19. At the engagement meeting, SFC:

- Shares its internal assessment of the institution's contribution to the outcome, based on the internal SFC monitoring of core sources.
- Invites the institution to discuss, and to provide additional context or commentary on the Outcomes being considered.
- The Outcome Manager notes and logs the conversation and this contributes to the short summary report that is shared with each institution at the end of the year, so that the institution can reflect on the summary engagement output and consider what (if any) additional context they wish to provide SFC as part of the sign-off process.

20. Following the meeting the Outcome Manager follows up with relevant SFC colleagues on any points of accuracy or any questions from the institution in relation to the Outcomes discussed, coordinating with policy teams to provide a response to the institution where necessary. The Outcome Manager also shares a summary of the institution's response to the SFC assessment of their performance towards each Outcome with colleagues in the relevant SFC policy team. Similarly, institutions may be asked to undertake follow-up actions or investigations by SFC or may wish to share information internally within their

institutions.

High risk issues, enhanced engagement, and interventions

21. In some cases, SFC's internal analysis or engagement with institutions identifies a high-risk issue and SFC determines that an institution requires high engagement and/or that SFC needs to make an intervention. Where this is the case, the principles we observe can be summarised as follows:

    - Risk engagement is tailored to the issues being addressed and may draw on a number of monitoring and intervention tools, singly or in combination.
    - There are some generic interventions that may be made across all outcomes. These could include actions such as: bespoke regular reporting by institutions against an action plan; undertaking or commissioning an independent review; review of board/committee papers to understand how issues are being overseen and addressed; or observing meetings of the institution's board or relevant committees.
    - The generic interventions may be augmented by specific interventions relating to the individual outcome. (Examples of potential specific interventions in relation to each outcome area are included in the following sections of this document.)

Assigned Colleges

22. The Glasgow and Lanarkshire Colleges Regional Boards were dissolved on 30 July 2025, as set out by The Regional Strategic Bodies and Regional Colleges (Glasgow and Lanarkshire) Order 2025. From AY 2025-26, the colleges in these regions previously assigned to the regional boards are designated as regional colleges, and therefore SFC will engage individually with these institutions in matters relating to the Outcomes Framework and Assurance Model.

23. In the Highlands and Islands regions, the Regional Strategic Body (RSB) remains the entity that is accountable for FE and HE provision. Therefore, the University of the Highlands and Islands (UHI) will be the key contact point in matters relating to the OFAM, although the Outcome Manager will continue to engage individually with Sabhal Mòr Ostaig which has a distinct status within the region and has separate funding streams from SFC and UHI.

24. In the case of the High Quality Learning and Teaching Outcome, responsibility for quality often sits at the college level, and so in the Highlands and Islands regions each individual college will produce a Self-Evaluation and Action Plan (SEAP) under Scotland's Tertiary Quality Enhancement Framework (TQEF). For the purposes of OFAM engagement, SFC and UHI RSB will jointly review UHI college SEAPs in the first instance, but - where jointly agreed between SFC and the UHI RSB – may arrange separate, focused, engagements with UHI partner colleges if felt necessary (for example, where particularly distinct issues, concerns or other factors are identified that would benefit from further engagement). Any separate engagement with the college will include UHI as the RSB with responsibility for provision and funding in the Highlands and Islands regions.

Outcome: Funding Regularity

Outcome: SFC funding is used for its intended purpose. Teaching funding is used effectively to deliver high quality coherent provision, with special attention to priority provision, and meeting volume targets and thresholds. Student Support, Capital Funding and any ring-fenced funds are used for their intended purpose. Research, innovation and strategic investments deliver high quality research outcomes.

Key Monitoring Sources

25. These are:

- **Performance against funding allocations**: This is a numeric value and indicates delivery against the credit target (colleges) or overall funded place target (universities). Performance against any allocations given for a specific purpose may also be monitored. At present, this is mostly controlled funded places in the university sector. Apprenticeships Data is currently under development. This will also be considered when available.
- **External/internal audit opinion about use of funds**: This reflects the information SFC holds on external audit opinions relating to institutions' use of funds for the purposes given. It may also reflect SFC's own internal audit of activity or use of funds.
- **Reporting on strategic funding**: This reflects SFC's views on the use of any strategic funding received by the institution.

Review of performance against the key monitoring sources

26. SFC considers:

- **The latest available update of the data submitted by institutions on recruitment.** This is the key indicator of whether institutions have met the activity targets associated with their core funding allocations. For universities, this is derived from HESA and Early Statistics returns. For colleges, the information is derived from the FES return.

  We conduct data-informed analysis of whether each institution has met its delivery target, noting in particular those institutions that have been unable to meet their target.

- **Audit opinion as submitted in external audit reports.** The focus is on areas of risk highlighted by auditors, and institutions that have not received a clean audit opinion.

- **Internal audit or analysis undertaken by the Funding Policy Team.** The focus is on institutions that are divergent from sector norms and benchmarks or institutions whose data returns suggest they are not following national policy guidelines.
- **Performance against conditions of grant.** The focus is on any breaches of conditions of grant.
- **An updated position on Strategic Funding reporting.** The focus is on institutions' management of strategic funding allocations (for example, indications that strategic funding has been used for the wrong purpose or significant re-profiling of funding allocations because of project delays). SFC staff responsible for centrally monitoring strategic funds are consulted to determine whether they have any concerns in relation to a specific institution.

OFAM engagement meeting

27. The Outcome Manager then discusses the following points with their institutional contact at the relevant engagement:

    - SFC's overview of the activities undertaken by the institution in relation to the Funding Regularity Outcome, drawing on the range of information provided as above.
    - Reflections on any data that has been shared in advance. What is SFC's overall interpretation of the data? How does the institution respond to this?
    - The institution's response to or perspective on any assurance risk that has been identified. This can include: the reasons behind any challenges in meeting a recruitment target or effectively managing funding; mitigating actions taken by the institution to avoid the issue; unforeseen circumstances; issues which were outwith the institution's control; actions being taken to avoid a similar position in future and timescale for improvement; etc.
    - If no issues have been identified in relation to Funding Regularity, the Outcome Manager may still wish to discuss with the institution their perspective on the Outcome, including acknowledging success and the reasons for this success. For example, the institution may wish to reflect on any difficulties overcome which enabled them to meet recruitment targets or manage funding.

Risk flags and potential interventions

28. In most cases, institutions operate with a low level of risk and SFC engages with them on a standard pattern. However, where SFC observes risk, engagement may be heightened, and additional interventions may be necessary.

29. In relation to Funding Regularity, risk flags may include:

    - Significant and/or repeated under/over-delivery against volume targets.

- Non-adherence to funding policy.
- Qualified external audit opinion or emphasis of matter in relation to the use of funds for the purposes given.
- Breaches of condition(s) of grant.
- Repeated late reporting or under-delivery.
- Significant concerns in project/strategic funding reports.
- Significant concerns highlighted through engagement.
- Delays or overspends on capital projects.

30. As stated in paragraph 21, there are some generic actions SFC may take where it sees a risk flag and determines a need to intervene. These could include actions such as bespoke regular reporting by institutions against an action plan; undertaking or commissioning an independent review; review of board/committee papers to understand how issues are being addressed; or observing meetings of the institution's board or relevant committees. Additional specific interventions in relation to Funding Regularity may include:

- In-year reallocation of funded places/credit targets.
- Reallocation of underspent funds, places and credits.
- Adjusting future funding.
- Letter requiring remedial or other action to address a breach of Financial Memorandum.
- Recovery of funding where there are underspends.
- Recovery of funding where there is sufficient evidence of funds not being used for the purposes given – such action would be preceded by a requirement to provide more information or an investigation, audit or other review.
- Limiting access to future funding.

Outcome: Good Governance

Outcome: Governing Bodies demonstrate good governance and accountability, including ownership of institutions' performance, compliance with SFC's requirements, proactive risk management, value for money, leadership and integrity in decision making and the way they conduct their business, and having regard to the principles of Fair Work and fair access.

Context

31. On 24 September 2025, SFC issued a publication setting out its expectations of institutions in relation to Good Governance. This guidance should be read in conjunction with that publication. The publication on Good Governance sets out:

    - What we have learned about sector and institutional governance from recent analysis of Governance Effectiveness Review reports and Corporate Governance Statements within the audited financial statements.
    - What we have learned about sector and institutional governance from Professor Gillies' report into the University of Dundee.
    - SFC's expectations of sector governance.
    - How SFC will monitor governance in the context of OFAM.

32. The publication details how SFC will undertake closer monitoring in relation to Governance. It sets out how we will engage in a more detailed way with Governance Effectiveness Reviews (GERs) in future, following independent analysis of the most recent GER reports to enable a baseline understanding of external assurance over governance in the institutions. The report also details other actions we intend to take in relation to Good Governance, including working with stakeholders on training for governing body members and enhanced engagement with institutional auditors.

Key Monitoring sources

33. These are:

    - **Corporate Governance Statements**: The statements in institutions' annual report and accounts are institutions' primary assessment of how they have complied with good practice in this area.
    - **Outcomes of Governance Effectiveness Reviews**: This reflects the level of risk highlighted in the latest independent GER that the institution has undergone and the institution's response to that review. As noted above, SFC's recent publication summarised how SFC will monitor Governance Effectiveness Reviews and engage

with institutions on this, following the completion of a baseline analysis conducted for SFC by On Board Training and Consultancy.

- **Opinions in internal and external audit reports**: This reflects the information SFC holds on the internal audit opinion on governance effectiveness from the internal auditors' annual reports and also focuses on the external auditors' reviews of institutions' corporate governance statements in institutions' annual reports and accounts.
- **Notification of breaches of Financial Memorandum/ Codes of Good Governance and compliance with Fair Work**: This reflects the information SFC holds on reported allegations and complaints, including self-reported issues and reportable incidents which institutions have themselves flagged to SFC. Issues may include topics such as breakdowns in governance, or mismanagement of funding, staffing, key projects or systems change or failure to comply with Fair Work. In accordance with the latest Scottish Government guidance, SFC will be focusing on institutions meeting the threshold requirements for the two mandatory Fair Work First criteria of paying the real living wage and providing for an effective worker voice (e.g., through recognising a trade union). While the Scottish Government guidance has changed in November 2024, and the ask for agreed statements is no longer included, these can still be an example of good practice and demonstrating progress against the mandatory and other Fair Work First criteria within an organisation. The lack of a finalised agreed statement on Fair Work between an institution and its workforce would not demonstrate a lack of adherence to the mandatory Fair Work First criteria.

34. Where SFC's monitoring identifies risks or issues around weak governance, this will be addressed through the OFAM's institutional engagement and intervention strategy, including issues being discussed with institutions and the development and monitoring of actions plans, where appropriate.

Timing of engagement on Good Governance

35. The initial engagement between Outcome Mangers and Institutions on Good Governance was held in September-October 2025 and this is when the feedback on GER reports was provided. From Spring 2026 it is intended that the main focused session on Good Governance will take place in Spring each year. Meetings will cover governance information in the Corporate Governance Statements contained in institutions' annual report and accounts, as well as updated information on GERs. This is reflected in the timeline at Annex A.

36. It is important to note that Governance issues may be identified at any point during the academic year and serious issues will need to be addressed as they arise, potentially resulting in heightened engagement and intervention as described in paragraph 21 of this document.

Review of performance against the key monitoring sources

37. We consider:

- **Corporate Governance Statements:** Have institutions themselves flagged any issues in relation to corporate governance in their statutory reporting? If so, what is the materiality/scale of the issue and how is it being addressed by the institution?
- **Opinions in internal audit and external audit reports:** Is the internal audit opinion signalling concerns relating to governance effectiveness (e.g. breakdowns of internal control)? Is the overall external audit opinion qualified or unqualified? If there are internal audit or external audit recommendations, what is the materiality/scale of the recommendation? What information do we hold from the institution to indicate how internal and external audit recommendations are being addressed?

  Outcomes of Governance Effectiveness Reviews: When was the last externally facilitated GER carried out? (If an institution has not undertaken a recent GER in line with the sector governance code timings, we require that this is rectified as soon as possible.) Does the GER signal potential weaknesses in governance or other concerns? Overall, does the GER consider and provide judgements about the adequacy (design) and effectiveness (operation) of the governance arrangements at the institution, with a focus on assurance and not just on development? Has the institution provided updates to SFC on the implementation of recommendations of their latest GER? (note that to manage the burden associated with this, these should be the updates provided to the institution's Court / Board of Management and therefore will require minimal additional work for institutions).
- **Notification of breaches of Financial Memorandum/ Codes of Good Governance:** Breaches of the FM or CoGG should be reported to SFC by the institution. These may include issues such as failure to observe statutory regulations or obligations, mismanagement of funding, financial irregularity, fraud, systems failures, breakdown of management or governance relations, failure to comply with the threshold for compliance in Fair Work etc. If a governance issue is raised, we take account of the materiality/scale of the issue and seek further information on how it is being addressed by the institution. SFC may also be notified of issues concerning governance through complaints/allegations or media reporting.

38. In addition, further contextual information may be considered, for example, whether the institution is timely and open in their responses to SFC.

OFAM engagement meeting

39. The Outcome Manager then discusses the following points with their institutional contact at the relevant quarterly engagement:

- SFC's overview of the activities undertaken by the institution in relation to the Good Governance Outcome, drawing on the range of information as outlined above.
- The details of any Governance issue which has been reported.
- Institutions' response to, or perspective on, any assurance risk that has been identified. This can include details of why the issue occurred, how the issue was handled, follow up actions, lessons learned, or systems put in place to avoid a recurrence of the issue.
- SFC also shares any sector-level findings and analysis with the institution.
- If no issues are identified in relation to the individual institution in relation to Good Governance, the Outcome Manager may still wish to discuss with the institution their perspective on the Outcome and acknowledge the successful delivery of the Outcome. For example, the institution may wish to reflect on any difficulties overcome which have enabled them to divert any risks.

Risk flags and potential interventions

40. In most cases, institutions operate with a low level of risk and SFC engages with them on a standard pattern. However, where SFC observes risk, engagement may be heightened, and additional interventions may be necessary.

41. Risk flags may include:

- Reported mismanagement of staffing, key projects or systems change.
- Self-reported governance failings by the institution.
- Audit or GER opinion signalling concerns relating to governance effectiveness.
- Late or missing GER reports, and GER reports which do not provide required assurance but focus only on development.
- A lack of evidence of follow-up on Audit or GER findings and recommendations.
- Serious complaints or multiple complaints.
- Persistent late return of information or avoidance of engagement.

42. As stated at paragraph 21, there are some generic actions SFC may take where it sees a risk flag and determines a need to intervene. These could include actions such as bespoke regular reporting by institutions against an action plan; review of board/committee papers to understand how issues are being addressed; or observing meetings of the institution's board or relevant committees. Additional specific interventions in relation to Good Governance may include:

- Commissioning of independent review, audit or 'efficiency study' (This is a power under the Further and Higher Education (Scotland) Act 2005).

- Attending and addressing an institution's Governing Body meetings. (This is a power under the Further and Higher Education (Scotland) Act 2005).
- Consideration of trigger of funding-based intervention.
- Referring institutions to external organisations (e.g., OSCR or Police Scotland 'in extremis' and in the case of criminal activity such as fraud) for review or investigation.
- Advising the minister 'in extremis'. (This is a power under the Further and Higher Education (Scotland) Act 2005).

Outcome: Financial Viability and Sustainability

Outcome: Institutions are financially viable in the short-term (1-2 years) and hold credible plans for long term financial sustainability to secure a high-quality learning experience and high-quality research and innovation.

Key Monitoring sources

43. The key sources used by SFC to gauge institutions' financial performance are:

    - Annual Report and Accounts.
    - Mid-year Financial Returns and Financial Forecasts submitted to SFC.
    - Colleges' monthly cashflow forecast updates.

44. The monitoring of Financial Viability and Sustainability is also informed by the monitoring of other outcomes, as described in this document. Performance under the Good Governance outcome is key to Financial Viability and Sustainability. Other particularly relevant outcomes include recruitment under the Funding Regularity Outcome and estates issues under the Estates and Infrastructure Outcome.

45. Submission and analysis of the returns listed above will lead to focused meetings with institutions in line with the timeline in Annex A. However, issues relating to Financial Viability and Sustainability may be identified at any point during the Academic Year and serious issues will need to be addressed as they arise.

Review of performance against the key monitoring sources

46. SFC analysis determines whether the institution is operating within the financial parameters considered by SFC to indicate financial health. The key indicators are:

    - Adjusted operating surplus/deficit and Earnings Before Interest, Taxes and Depreciation, and Amortization (EBITDA) margin for colleges and universities.
    - Minimum unrestricted cash days for colleges and universities.
    - Borrowing as a percentage of total assets for universities.

47. Other indicators may be factored into this analysis, for example:

    - Whether the SFC assessment is consistent with internal and external audit findings and reporting.
    - Reliability of the institution's forecasting.

- Quality of commentary: whether the institution has provided realistic commentary in its financial returns, evidencing awareness of financial risk and credible strategies for managing financial risk.
- Whether SFC is observing financial risk as described in paragraphs 50-51 below.

OFAM Engagement Meeting

48. The Outcome Manager discusses the following points with their institutional contact at the relevant quarterly engagement:

    - A summary of SFC's overall view of financial viability and sustainability at the institution.
    - Institutions' response to or perspective on any financial risk that has been identified. This can include a reflection on issues that have impacted financial health, unforeseen circumstances, issues which might have been better planned for, plans to manage immediate financial risk and to improve financial health, lessons learned and strategies to improve the future management of financial health.
    - If no risk has been identified in relation to Financial Viability and Sustainability, the Outcome Manager may still wish to discuss the institution's perspective on the Outcome and acknowledge successful delivery of the Outcome. For example, an institution may wish to reflect on any difficulties overcome which have enabled it to divert any risks.

49. To avoid duplication, where an institution is experiencing significant financial concerns and regular engagement is already occurring with SFC's Finance Team, this topic may not be covered in the OFAM meeting.

Risk flags and interventions

50. Where SFC observes financial risk, engagement may be heightened, and additional interventions may be necessary.

51. In relation to Financial Viability and Sustainability, risk flags may include:

    - Indicators that the institution is unable to operate within the financial parameters set by their Boards/Courts to deliver a viable and sustainable institution.
    - Increasing deficits and/or projected long-term deficits with no strategy in place to manage these.
    - Poor management of cashflow and low cash reserves.
    - Inability to meet financial commitments.
    - Increasing maintenance backlogs.
    - A high level of reliance on SFC funding.

- Failures in multiple areas of financial management.
- Audit reports signalling concerns over financial management.
- Poor track record of forecasting, and/or identifying and/or managing financial risks and challenges.

52. As stated in paragraph 21, there are some generic actions SFC may take where it sees a risk flag and determines a need to intervene. These could include actions such as:

- Bespoke regular reporting by institutions against an action plan.
- Undertaking or commissioning an independent review.
- Review of board/committee papers to understand how issues are being addressed.
- Observing meetings of the institution's board or relevant committees.

53. Additional specific interventions in relation to Financial Viability and Sustainability may include:

- Requiring an action plan or updated business plan showing pathway to financial balance.
- Closer monitoring of financial position via, for example, monthly management accounts, or more frequent cash flow returns.
- Provision of cash advances (with conditions) to support liquidity challenges and allow time for issues to be addressed.
- SFC taking observer status at institutions' main Finance Committee or Board.
- Engagement of specialist resource by SFC to help us get a better understanding of the institution and/or to perform due diligence on financial information.
- Applying existing or additional conditions of grants.
- Providing letter of comfort with conditions attached.
- Requiring or undertaking an options review.
- Brokering of or advising on partnerships or merger 'in extremis'.

Outcome: Estates and Infrastructure

Outcome: Institutions' estates and digital infrastructure are well-managed, well-utilised and effectively support and enable high quality learning and teaching and research.

Key Monitoring sources

54. These are:

- The College Baseline Survey. This survey has been taken for the first time in 2024-25 and applies to colleges only.
- Additional Surveys. Summary information held by the Estates Team on any recent surveys undertaken (e.g. RAAC or Cladding Surveys).
- Published information**.** Commentary on Estates and Infrastructure in institutions' Annual Reports or published Estates Strategies.

Review of performance against the key monitoring sources

55. The information returned by institutions, as detailed above, is considered by SFC, to arrive at an overview of each institution's performance against the Outcome and to identify any challenges in relation to each institution's management of their estate. SFC considers how well estates plans align with what is known of institutions' curriculum development plans.

OFAM Engagement Meeting

56. At the relevant quarterly engagement, the Outcome Manager and institutional contact discuss the following:

- The overview of SFC's assessment of the institutions' performance towards this outcome
- Accuracy of the data and analysis from the institutions' perspective.
- Institution's response to or perspective on any assurance risk that has been identified. This can include expansion of any information outlined in Annual Reports and Estates Strategies and setting out plans for campus development in the long-term and how this aligns with long-term curriculum development plans.
- If no or low concerns are identified in relation to Estates and Infrastructure, the Outcome Manager may still wish to discuss the institution's perspective on the Outcome and acknowledge the successful delivery of the Outcome. For example, the institution may wish to reflect on any difficulties overcome in developing their estate and infrastructure.

Risks and potential interventions

57. In most cases, institutions operate with a low level of risk and SFC engages with them on a standard pattern. However, where SFC observes risk, engagement may be heightened, and additional interventions may be necessary.

58. In relation to Estates and Infrastructure, risk flags may include:

- Disproportionate burden of estate spend (including digital), or disproportionately large or dispersed estate compared to number of staff and students.
- Lack of investment in core areas of concern or lack of awareness of key risks.
- Negative feedback from students and other stakeholders (e.g., JISC).
- Estate (either current or planned) which does not align with known curriculum plans.
- Breach of the approvals process or retention guidance in relation to the disposal of surplus exchequer funded property.

59. As stated in paragraph 21, there are some generic actions SFC may take where it sees a risk flag and determines a need to intervene. These could include actions such as bespoke regular reporting by institutions against an action plan; undertaking or commissioning an independent review; review of board/committee papers to understand how issues are being addressed; or observing meetings of the institution's board or relevant committees. Additional specific interventions in relation to Estates and Infrastructure may include:

- Adjustment of Capital- or Infrastructure-related funding allocations.
- Recovery of proceeds incurred from the disposal of surplus exchequer funded property – where there has been a breach of the approvals process or retention guidance.

Outcome: High Quality Learning & Teaching

Outcome: Students experience high-quality learning and teaching that allows them to engage with and succeed in their studies. Students are effectively engaged with the development of curricula and learning pathways. The quality of learning and teaching and confidence in standards are enhanced through institutions delivering continuous improvement of robust and transparent quality processes. Students are equipped with the skills and knowledge to flourish in employment, further study and lead fulfilling lives.

60. Scotland's Tertiary Quality Enhancement Framework (TQEF) is the tertiary education sector's new approach to quality assurance and enhancement for colleges and universities, introduced in 2024-25. TQEF is the mechanism through which SFC gains assurance in relation to High Quality Learning and Teaching. The Self Evaluation and Action Plans (SEAPs) submitted by institutions under the new framework are the key monitoring sources for this outcome. Further details on TQEF and the SEAP process can be found on the SFC website. It should be noted that SEAPs may also be used as a source of monitoring against other SFC outcomes, in particular the Student Interests, Access and Success outcome.

61. It should be noted that, in those years where institutions are undergoing external review, they will not be subject to the process outlined below. Instead, at the next quarterly engagement meeting after publication of the Quality Assurance Agency (QAA) report, Outcome Managers base their engagement with externally reviewed institutions around the findings of the Quality Assurance Agency (QAA).

Key Monitoring sources

62. These are:

- The SEAP (in most years).
- The QAA report (in those years where the institution is undergoing external review).

63. SEAPs and QAA reports may draw upon the same data that is used in other parts of OFAM, including:

- Recruitment, admissions, retention, achievement and progression data.
- Performance against targets associated with fair access (see section on Student Interests for more information on this).
- National Equality Outcomes and protected characteristics data.
- Graduate outcomes/ student destinations.
- Data on complaints.

64. SEAPs are submitted by institutions in December. They undergo cross-team analysis within SFC, as well as independent feedback from QAA, prior to discussion with institutions. The timeline at Annex A outlines when engagement happens with the institutions.

Review of performance against the key monitoring sources

65. SFC considers:

- Whether the institution identified its key strengths and weaknesses.
- Whether data has been referenced appropriately and whether the institution's self-analysis of the data corresponds with SFC's overview of the institution.
- Whether an action plan been submitted and if it addresses the challenges identified by the institution.
- Whether we see evidence of student engagement, partnership working with students and institutions responding to the student voice.

66. It should be noted that SFC's role is to gain assurance that the institution has evidenced that it has participated appropriately in the TQEF process and that the information that it has submitted in its SEAP aligns with SFC's overview of the institution. The QAA is the agency responsible for assessing the quality of provision and the appropriateness of institutions' planned actions to address quality-related issues, and the QAA provides feedback on this aspect.

OFAM Engagement Meeting

67. The Outcome Manager then discusses the following points with their institutional contact at the relevant quarterly engagement:

- The SFC view of the SEAP submission generally.
- Any areas of good practice or areas for development (specific to the institution's SEAP submission).
- Appropriateness and accuracy of any data referenced by the institution in their SEAP, and any missing data that SFC may have expected the institution to reference.
- The institution's perspective on preparing and submitting the SEAP, and any challenges overcome.
- The student representative's perspective on their involvement on preparing and contributing to the SEAP and any challenges overcome.

68. The TQEF Guidance advises that an institutional contact with responsibility for quality assurance and enhancement and a student representative should be included in the discussion with SFC on the SEAP.

Risk flags and interventions

69. In most cases, institutions operate with a low level of risk and SFC engages with them on a standard pattern. However, where SFC observes risk, engagement may be heightened, and additional interventions may be necessary. In relation to High Quality Learning and Teaching, risk flags will be raised through TQEF.

70. As stated in paragraph 21, there are some generic actions SFC may take where it sees a risk flag and determines a need to intervene. These could include actions such as bespoke regular reporting by institutions against an action plan; undertaking or commissioning an independent review; review of board/committee papers to understand how issues are being addressed; or observing meetings of the institution's board or relevant committees. Additional specific interventions in relation to High Quality Learning and Teaching may include working with QAA; Scottish Qualifications Authority (SQA) / Qualifications Scotland; Professional, Statutory and Regulatory Bodies (PSRBs); the Scottish Credit and Qualification Framework Partnership (SCQFP); or other quality agency to address risk or other issues that have been flagged.

Outcome: Skills and Work-based Learning

Outcome: Institutions produce confident and highly capable work-ready graduates, engaging with employers to respond to industry and sector needs, skills alignment and to co-create solutions to challenges. Students are equipped with the skills and knowledge to find employment, flourish in their career, meet employer needs and make a positive contribution to society and the economy.

Key Monitoring sources

71. These are:

- Data on work-based learning activity being offered by colleges and universities. At present this is information related to controlled subjects in universities.
- Data on university graduate / college leaver destinations.
- SFC's overview on work-based activity delivered by institutions, derived from engagement between SFC's Skills Team and institutions. This includes detail on:
    - Apprenticeship activity.
    - Delivery of skills for the green economy.
    - Delivery of health and social care subjects.
    - Participation in pathfinders and other regional economic partnerships.

72. SFC data collections are in a transitional phase regarding the collection of information on apprenticeships. It is anticipated that future iterations of guidance will include the technical specification to quantify apprenticeships.

Review of performance against the key measures

73. SFC considers:

- Institutions' performance against intake targets for controlled subjects and feedback on their contribution to the delivery of health and social care subjects.
- Delivery of apprenticeships, noting changes to delivery patterns and feedback on the reasons for any reduction in delivery of apprenticeships.
- Contribution of each institution to skills for the green economy, noting areas of good practice and proactive engagement, as well as areas of under-delivery or non-engagement.
- Any relevant contributions to pathfinders or other local economic partnerships.

- Data on graduate outcomes and college leaver destinations, with a focus on changes (+/-) to rates of students entering positive destinations.

OFAM Engagement Meeting

74. For those institutions who provide Foundation Apprenticeships and Graduate Apprenticeships, the skills team meet with the institutions twice a year to discuss that activity. Outcome Managers are invited to attend these meetings.

75. The Outcome Manager discusses the following points with the institution at the relevant engagement:

    - SFC's overview of the activities undertaken by institutions in relation to the Skills and Work-based Learning Outcome, drawing on the range of information indicated above.
    - Accuracy and relevance of any data considered, from the institutions' perspective.
    - Institution's response to any downturn in performance represented in the data that has been shared.
    - Institution's response to SFC's overview. This might include an exploration of student demand, how they currently work with employers and other groups on skills planning, or a discussion of their curriculum design process.
    - The institution may also wish to reflect on elements of skills planning which they feel are working well or any challenges overcome.

Risk flags and potential interventions

76. In most cases, institutions operate with a low level of risk and SFC engages with them on a standard pattern. However, where SFC observes risk, engagement may be heightened, and additional interventions may be necessary. In relation to Skills and Work-based Learning, risk flags may include:

    - Institutions have poor graduate/leavers outcomes data.
    - Institutions show minimal evidence of reflecting employers needs in curriculum offer or course design and delivery.
    - Identification of skills gaps in key industries or the region.
    - Negative feedback from employers about the skills and knowledge of graduates/leavers.

77. As stated in paragraph 21, there are some generic actions SFC may take where it sees a risk flag and determines a need to intervene. These could include actions such as bespoke regular reporting by institutions against an action plan; undertaking or commissioning an independent review; review of board/committee papers to understand how issues are being addressed; or observing meetings of the institution's

board or relevant committees. Additional specific interventions in relation to Skills and Work-based Learning may include:

- Reallocation of underspent funds, places and credits.
- Adjustment of future funding.
- Setting targets for specific subjects or types of activity with associated clawback for over/under recruitment.
- Specific project funding.
- Sharing intelligence on skills gaps and industry needs.
- Brokering – for example, introducing institutions to sectoral, regional and/or local skills and workforce planning partnerships.

Outcome: Student Interests, Access & Success

Outcome: Education is accessible to students from all backgrounds and protected characteristics and, with effective student partnership, students are supported through successful pathways and routes through their learner journey. Students can prioritise their mental health and wellbeing and are part of a safe and supportive institution which allows them to engage and participate in the student experience.

Key Monitoring sources

78. These are:

- In relation to recruitment of under-represented groups:
    - Volume and proportion of credits delivered to learners in the most deprived 10% postcode areas (SIMD10) (colleges).
    - Volume and proportion of credits delivered to care-experienced learners (colleges).
    - Number and proportion of Scotland-domiciled full-time first-degree entrants from the 20% most deprived postcodes (universities).
    - Number and proportion of Scotland-domiciled undergraduate entrants from the 20% and 40% most deprived postcodes (universities).
    - Number and proportion of Scotland-domiciled undergraduate entrants that are care-experienced (universities).
- In relation to attainment and retention:
    - Proportion of enrolled students successfully achieving a recognised qualification (FT & PT) (colleges).
    - Proportion of enrolled care-experienced students successfully achieving a recognised qualification (FT & PT) (colleges).
    - Proportion of enrolled students in the most deprived postcode areas (SIMD10) successfully achieving a recognised qualification (FT & PT) (colleges).
    - Number and proportion of full-time first year Scotland-domiciled undergraduate entrants returning to study in the following year.
    - Number and proportion of full-time first year Scottish-domiciled undergraduate entrants from the 20% most deprived postcodes returning to study in the following year.

  - Number and proportion of full-time first year Scottish-domiciled undergraduate entrants that are care-experienced returning to study in the following year.

- In relation to student interests:
  - Percentage of respondents to the Student Satisfaction and Engagement Survey overall satisfied with their college experience (colleges).
  - Percentage of respondents to the National Student Survey satisfied with the overall quality of their course (universities).

79. In addition to the above data-based measures, SFC will also take into account institutions' performance against the National Equality Outcomes (NEOs), as evidenced through their Public Sector Equality Duty reporting and associated data reporting. The NEOs include consideration of:

- Success and retention rates of students.
- Satisfaction levels of disabled students in relation to the reasonable adjustments put in place to support their learning and student experience.
- The imbalance on courses by sex.
- The mental health of staff and students and seeks improvements in student learning outcomes and assurances of access to mental health support.
- The safety of students and staff and steps taken to address harassment particularly in relation to protected characteristics.
- Responding to the Scottish Government's Equally Safe strategy particularly in relation to prevention, support and response mechanisms.
- Proportionate representation of staff, Boards and Courts particularly in relation to race and disability.

80. Institutions' commentary and analysis in their SEAPs are also used to provide contextual information where available in relation to this outcome.

81. The timing for discussions around these measures can be found in the timeline at Annex A in line with core data returns.

Review of performance against the key monitoring sources

82. We consider:

- Trends in individual institution's data as outlined above.
- Consideration of institution's data compared to other similar institutions (e.g. those serving similar geography, similar sized institutions or otherwise comparable institutions).
- Context derived (where relevant) from institutions' submission of their SEAPs.

- Feedback which has been gathered from student groups. Note that it is recommended that Outcome Managers will build in at least one engagement per year with a student representative from each institution to their programme of institutional engagements. Student feedback may also be received from Student Partnerships in Quality Scotland (sparqs), other student groups or be based on trends SFC is observing in student complaints.
- Feedback which has been gathered from other groups or stakeholders, particularly those representing low-participation groups of students.
- Other context or observations offered by the Student Interests Team, for example, based on engagement with the Equalities and Human Rights Commission (EHRC) or assessment of institutions' Public Sector Equality Duty Reports.

OFAM Engagement Meeting

83. The Outcome Manager discusses the following points with institutions at the relevant engagement:

- Accuracy of the data from the institution's perspective.
- Recap on any discussion of relevant Student Interests, Access and Success themes in relation to the High Quality Learning and Teaching Outcome – this will be brief to avoid duplication where the discussion takes place in different OFAM meetings.
- SFC's overview of the activities undertaken by the institution in relation to the Student Interests, Access and Success Outcome.
- The institution's response to or perspective on any assurance risk that has been identified. This may include: an exploration of issues the institution feels has prevented them from reaching key student groups, or which have contributed to a decline in performance; an outline of the actions they have undertaken to address issues; the institutional perspective on the handling of any complaints published by the Scottish Public Services Ombudsman (SPSO) which have been upheld, or partially upheld, or failure in student support, or lack of partnership working.
- The institution may wish to reflect on any difficulties overcome which helped them to achieve better outcomes for under-represented groups or for the student community more widely. They may also wish to highlight any areas of good practice.

Risks and potential interventions

84. In most cases, institutions operate with a low level of risk and SFC engages with them on a standard pattern. However, where SFC observes risk, engagement may be heightened, and additional interventions may be necessary.

85. In relation to Student Interests, Access and Success, risk flags may include:

- Under-delivery against sector targets (e.g. those relating to the Commission for Widening Access (CoWA)[1], the National Ambition for Care Experienced students or National Equality Outcomes).
- Downward trend in recruitment, by SIMD group and for Care Experienced students.
- Downward trend in student satisfaction results (level of satisfaction or return rate).
- Identification of common themes in complaints (e.g. to SFC, SPSO, students' associations, sparqs or from institutions' websites) regarding access, support or wellbeing issues.
- Lack of engagement in partnership working; e.g., National Schools Programmes.
- Lack of consultation with the representatives of an institution's recognised Trade Unions and Students' Association in regard to their work planned to enable, encourage or increase participation of under-represented socio-economic groups.[2]

86. As stated in paragraph 21, there are some generic actions SFC may take where it sees a risk flag and determines a need to intervene. These could include actions such as bespoke regular reporting by institutions against an action plan; undertaking or commissioning an independent review; review of board/committee papers to understand how issues are being addressed; or observing meetings of the institution's board or relevant committees. Additional specific interventions in relation to Student Interests, Access and Success may include:

- Setting targets to engage with, recruit or support specific under-represented groups.

[1] Recommendation 32 in A Blueprint for Fairness included targets to drive forward the delivery of equal access in Scotland (often referred to as the CoWA target/s). One of these targets was that students from the 20% most deprived backgrounds should represent at least 10% of full-time first-degree entrants in each of the individual universities. This policy has recently changed, as detailed in this letter from the Minister to SFC. The previous institutional target will be replaced with a commitment from each HEI to increase the proportion of SIMD 20 entrants or to match the highest proportion they have achieved since 2013-14. This is the basis on which we will monitor from AY 2026-27 onwards. Further information on how this will be implemented to be provided.

[2] We remind Higher Education Institutions of the requirement to continue to consult with their recognised Trade Unions (or other recognised representative of its staff) and their Students Association on work planned to enable, encourage or increase participation of under-represented socio-economic groups, as they did under the Outcome Agreement process. This meets the legislative requirements under Section 9C of the Further and Higher Education (Scotland) Act 2005.

- Allocating funding premia or weights for engaging with key under-represented groups.
- Allocating specific places for key under-represented groups.
- Allocating project-based funding to support specific groups.
- Engagement between SFC and EHRC under the terms set out within the Memorandum of Understanding, or with other stakeholder groups.

Outcome: Research Excellence

Outcome: Institutions produce excellent research that encourages the exploration of new ideas and thinking, advances current knowledge, and has the potential to change the world around us, including economically and socially. The research environment is flourishing, and research students and staff are enabled to succeed.

Key Monitoring sources

- Institution's submission of Research Assurance and Accountability (RAA) Return.
- Feedback received from SFC's Research and Innovation Team derived from their Strategic Engagement with each institution.
- Background information provided on institutions' overall level of research funding derived from the HESA returns.

87. In future years, additional information may also be included. These are: Research deficit and FEC recovery levels as shown in TRAC returns and future REF results (the next REF exercise will be carried out in 2029).

Review of performance against key monitoring sources

88. We consider:

- SFC's Research and Innovation Team's interpretation and analysis of the RAA returns, in which institutions explain how they have used SFC's research funding allocations.
- SFC's Research and Innovation Team's context derived from the strategic dialogue meetings which they conduct with institutions on a regular basis.
- Broad trends in research funding, noting variance in awards of non-SFC research income.

OFAM Engagement Meeting

89. The Outcome Manager discusses the following points with their institutional contact at the relevant quarterly engagement:

- The SFC view of the RAA submission generally. This might include details of how the submission benchmarks against other comparator institutions, any areas of good practice or areas for development.
- Appropriateness and accuracy of any data referenced by the institution in their RAA Return.

- The institution's perspective on preparing and submitting the RAA Return and any challenges overcome.
- Any wider perspective which the institution wishes to offer on its research environment and funding.

Risk flags and possible interventions

90. In most cases, institutions operate with a low level of risk and SFC engages with them on a standard pattern. However, where SFC observes risk, engagement may be heightened, and additional interventions may be necessary. In relation to Research Excellence, risk flags may include:

- Identification of misuse of SFC's research funding.
- Complaints or poor audit opinion of other funders of research.
- Reduction in research quality as measured by REF.
- Reduction in generation of non-SFC research income.
- Reductions to research staffing numbers/ proportion or evidence of key research teams moving away.

91. As stated in paragraph 21, there are some generic actions SFC may take where it sees a risk flag and determines a need to intervene. These could include actions such as bespoke regular reporting by institutions against an action plan; undertaking or commissioning an independent review; review of board/committee papers to understand how issues are being addressed; or observing meetings of the institution's board or relevant committees. Additional specific interventions in relation to Research Excellence may include:

- Adjust future funding based on the REG allocation model.
- Sharing of intelligence (including concerns about performance or governance) with other funders (e.g., UKRI) and acting jointly with other funders to investigate.

Outcome: Knowledge Exchange & Innovation

Outcome: Institutions generate knowledge which they share to deliver value to Scotland, addressing the green recovery, wellbeing economy and the just transition. Institutions' research and innovation attracts and nurtures talent and entrepreneurship; mobilises collaboration and additional investment; enhances our international reputation; and delivers economic transformation and societal value.

Key Monitoring Sources

92. These are:

- Knowledge Exchange and Innovation Fund (KEIF) Strategies: Institutions submitted a five-year strategy in January 2025 and will submit annual updates to the strategy.
- KE Metrics: KE data is submitted directly to SFC at the end of each calendar year. The metrics detail: the quantum of KE income relative to total Research income; the number of spinouts over three years relative to overall Research income; numbers of graduate startups over three years relative to student FTE.

Review of performance against key monitoring sources

93. SFC takes into account:

- KEIF Strategies: Consideration of the strategies will be based on:
- SFC's Research and Innovation Team's analysis of the KEIF strategies.
- Feedback on the strategies from SFC's KEIF Expert Panel.
    - Institutions' response to this feedback, where this has been gathered by SFC's Research and Innovation Team.
- KE metrics, noting trends in income generated by KE activity and in numbers of startups and spinouts.
- In addition to this, SFC's Research and Innovation Team may provide additional context derived from the wider strategic dialogue meetings with institutions which the Research and Innovation Directorate undertakes on a regular basis.

OFAM Engagement Meeting

94. The Outcome Manager discusses the following points with their institutional contact at the relevant engagement:

- The SFC overview of the KEIF Strategies, taking into account the views of SFC's KEIF Expert Panel.
- An overview of the SFC interpretation of the KE Metrics. This might include details of how the submission benchmarks against other comparator institutions, any areas of good practice or areas for development.
- The institution's perspective on the KE Metrics, considering any trends or changes in performance. This may include the institution's response to any negative or downward trends and the actions being undertaken to improve performance where this is the case. In addition, it may include consideration of any challenges overcome by the institution.

Risk flags and potential interventions

95. In most cases, institutions operate with a low level of risk and SFC engages with them on a standard pattern. However, where SFC observes risk, engagement may be heightened, and additional interventions may be necessary. In relation to Knowledge Exchange and Innovation, risk flags may include:

    - KEIF Strategies which do not take into account key SFC/SG priorities.
    - KEIF Expert Panel feedback on strategies which signals that an institution's plans are unrealistic or mis-aligned with SFC/SG policy.
    - Negative trends in generation of income, or numbers of spinouts and startups and the longevity of these.

96. As stated in paragraph 21, there are some generic actions SFC may take where it sees a risk flag and determines a need to intervene. These could include actions such as bespoke regular reporting by institutions against an action plan; undertaking or commissioning an independent review; review of board/committee papers to understand how issues are being addressed; or observing meetings of the institution's board or relevant committees. Additional specific interventions in relation to KEI may include:

    - Adjusting specific KEI funding allocations.
    - Applying conditions of funding – e.g. emphasis on collaboration.
    - Requesting institutions to supply additional information or to review and resubmit strategies.

Cross Cutting Measures: Net Zero & Sustainability and Equality, Diversity & Inclusion

97. SFC notes areas of good practice in relation to the cross-cutting measures of Net Zero and Sustainability and Equality, Diversity and Inclusion in each of the outcomes and will provide a summary of these in the end of year sign off sheet (as detailed in Annex B). Institutions may add to this in their contextual commentary.

98. Examples relating to Net Zero and Sustainability might include:

- Information submitted in Annual Reports demonstrates that Institutions' use of SFC funding, governance structures and financial plans take account of the SG's climate targets and UN Sustainable Development Goals.
- The use of the appropriate Building Research Establishment Environmental Assessment Method sustainability standard for the built environment (new builds or retrofit), or Scottish Government's Net Zero Public Sector Buildings Standard for new builds.
- Information returned in SEAPs and from QAA's External Review Report demonstrate that institutions have system and processes in place to embed sustainability considerations within curriculum development.
- Assessment of the college survey on Skills for the Green Economy demonstrates that institutions' provision is aligned with the Scottish Government's climate targets and UN Sustainable Development Goals.
- Institutions are signed up to or otherwise aligned with the UKRI concordat on sustainability in Research.
- KEIF Strategies demonstrate institutions are working with KEI partners in support of UN Sustainable Development Goals, Net Zero and Just Transition.

99. Examples relating to Equality Diversity and Inclusion (EDI) might include:

- Information submitted in Annual Reports on EDI demonstrates that institutions' use of SFC funding, governance structures and financial plans take account of their duties to advance EDI and eliminate inequalities.
- Equality Impact Assessments undertaken by institutions on actions taken to deliver financial sustainability (e.g., cost savings, severance schemes).
- Public Sector Equality Duty reporting demonstrates delivery of the National Equality Outcomes.
- The College Baseline Survey and Annual Reporting demonstrates that institutions' estates and infrastructure plans take account of their duties to advance EDI and eliminate inequalities (e.g., disabled access to buildings).

- Information returned in SEAPs demonstrate that institutions' quality systems and curriculum design take account of take account of their duties to advance EDI and eliminate inequalities.
- Student outcomes for groups with different protected characteristics show equality of opportunity and success.
- Information returned in the RAA Returns demonstrates that institutions' research activities take account of their duties to advance EDI and eliminate inequalities.
- KE Strategies demonstrate engagement with KEI partners that takes account of their duties to advance EDI and eliminate inequalities.

Annex A: Engagement Timeline

Summary Engagement Timeline		
Quarter	**Institutional Engagement**	**Core monitoring sources**
January to March	Funding Regularity	Outturn recruitment in previous/current AY
	Research Excellence	RAAR
	High Quality Learning & Teaching	SEAP
April to June	Student Interests, Access & Success	Recruitment and past Student Surveys
	Financial Viability & Sustainability	Annual Accounts
	Good Governance	Annual Report, GER
	Knowledge Exchange & Innovation	KEIF Strategies (and Metrics)
July to September	Skills & Work-based Learning	Recruitment of WB students / Grad Destinations
	Funding Regularity	Recruitment position pre-AY / audit issues
	Estates	College Baseline Survey, Annual Reports, Estates Strategies
	High Quality Learning & Teaching	Preparation for next SEAP (if required)
October to December	Student Interests, Access & Success	Retention, Success, Pre-AY position and Student Survey, NEOs/PSEDs
	Financial Viability & Sustainability	Financial Forecast Returns

Annex B: Example sign-off sheet

A bespoke sign off sheet will be provided to each institution by the Outcome Manager. The sign-off sheet will summarise the sources of information that SFC has taken into account in assessing the institution's contribution to each outcome under OFAM. It will also provide a summary of the high-level context SFC has captured through quarterly OFAM engagement meetings.

Optional Contextual Commentary: should Institutions wish to provide additional context for each outcome this should be indicated in the Microsoft Form which will be sent by your Outcome Manager. We ask that institutions do not replicate information which has been included in one of the sources already provided to SFC. Where context has been provided in the form, this will be reviewed and added to the sign off sheet where relevant and an updated version will be sent to the institution for sign off.

The sign-off sheet should be signed by the Accountable Officer for the institution and returned to your Outcome Manager. The deadline for this process depends on the timing of the Q4 engagement and will be confirmed by your Outcome Manager.

The example provided below is of a college sign-off sheet. For universities, additional rows will be included for Research and Knowledge Exchange outcomes.

The sign-off sheet below is provided as an example of the level and type of information your institution will receive.

Outcome	Core sources of information taken into account by SFC	High-level context captured (example text)	Additional context from Institution
Funding Regularity	Delivery against funding allocations (credit target) derived from FES	• Continuing to exceed credit target by c.2%. • Intention to reduce this in future years to meet target. • Progression concerns from L5 to L6 due to recruitment constraints. • Lower level of student demand for HE activity. • Could achieve more with more funding from SFC/SG	Please use Microsoft Forms
	External audit opinion on use of funds for the purposes given	• No concerns raised	
	Project/ strategic funding reports (e.g., ROSI returns)	• No concerns raised	
High Quality Learning and Teaching	TQEF Self Evaluation and Action Plan QAA Review Report (in years where the college is undergoing external review).	• College receptive of feedback which they felt was fair and would take on the comments for future iterations. • Student representatives felt involved in the process but flagged timing issues with the new process and the learning curve involved. • Discussed in detail the college's actions to improve attainment for students in low-participations groups, which the college will provide further detail in future years' SEAPs.	No context to be added here – SEAP or external review should provide full context.
Financial Viability & Sustainability	Audited Annual Report and Accounts, Mid-year Financial Returns and Monthly Cashflow returns.	• Financial forecasts showing a negative cash position at the end of the forecast period. • College has requested a reprofiling of SFC grant to support liquidity balance.	Please use Microsoft Forms However, please do not repeat

Outcome	Core sources of information taken into account by SFC	High-level context captured (example text)	Additional context from Institution
			information which has been shared elsewhere, for example as part of the annual accounts etc.
	College has requested a reprofiling of SFC grant to support liquidity balance.	• Recovery plan has been agreed with the college, includes a number of measures to reduce costs. • College has submitted a bid to the College Transformation Fund. • Regular enhanced level of engagement with SFC	
Student Interests, Access and Success	Data on recruitment of under-represented groups (SIMD & Care Experience)	• Indicated decline in SIMD students due to pandemic, cost of living crisis and increased recruitment directly to university. • Measures in place to support widening access including funding and bespoke student adviser to aid transition into college amongst others. • Care experience numbers maintained, self-identification care experience causes unreliability in the data as some students do not wish to declare. Support in place.	Please use Microsoft Forms However, please do not repeat information which has been shared elsewhere, for example in the SEAP.
	Student Satisfaction Survey results	• Trend data indicated higher response rate due to efforts in the institution to increase participation at a course level. • Satisfaction remains high and above sector average due to efforts in student voice/feedback work.	

Outcome	Core sources of information taken into account by SFC	High-level context captured (example text)	Additional context from Institution
	Retention and attainment	• Results for 2025 indicate continued high response and satisfaction. • Strong retention and completion as a result of introduction of above measures.	
Skills and Work Based Learning	Data on work-based learning activity being offered by the institution	• Strong performance in FA recruitment due to enhanced engagement with local authorities and employers with continued strength in recruiting numbers. • Low level of student demand for Health Care subjects despite high employer demand. Working with employer contacts to conduct research into reasons for low levels of student demand and to devise Comms material promoting Health Care pathways.	Please use Microsoft Forms However, please do not repeat information which has been shared elsewhere, for example in the Sills for the Green Economy survey.
	Data on university graduate/ college leaver destinations	• Slight decline in numbers of students in positive destinations in recent years. Working with SDS careers advisor contacts to improve advice and signposting for college leavers.	
	Summary information derived from the survey on Skills for the Green Economy	• Working with local employer to address challenges in staff upskilling due to funding and time constraints, including the cost of backfilling staff for CPD.	
Estates and Infrastructure	College Baseline Survey	• Identified increasing value of maintenance required, including emergency work.	Please use Microsoft Forms However, please

Outcome	Core sources of information taken into account by SFC	High-level context captured (example text)	Additional context from Institution
		• Financial recovery plan includes detail on plan to fulfil most pressing work	do not repeat information which has been shared elsewhere, for example in a previous survey.
	Commentary on Estates and Infrastructure in Annual Reports or Estates Strategies	• No further context discussed.	
	Summary info on recent surveys undertaken (E.g., RAAC or Cladding etc.)	• RAAC estimate £3m with tender process underway and financing plans under review	
Good Governance	Statement of Good Governance in Audited Annual Report and Accounts.	• No concern raised	Please use Microsoft Forms However, please do not repeat information which has been shared elsewhere, for example in the Statement of Good Governance.
	Notification of breaches of	• No notifications received.	

Outcome	Core sources of information taken into account by SFC	High-level context captured (example text)	Additional context from Institution
	FM/CGG Analysis of Governance Effectiveness Reviews	• College will share with SFC its reporting to its Board which detail the ways in which it is taking forward governance issues highlighted in the previous GER. • One of the outstanding actions is to arrange refresher training for Board members. College notes that SFC will be working with sector on this and awaits update to training guidance.	
Cross Cutting: Net Zero & Sustainability	Across various outcomes	College noted its aim to undertake crucial Estates upgrades in line with BREAM standards but highlighted that the cost of doing so adds significantly to the financial pressure being faced by the college.	Please use Microsoft Forms
Cross Cutting: Equality Diversity & Inclusion	Across various outcomes	In response to feedback on PSED, College is: • working with Students Association on a campaign to eliminate gender-based violence. • setting equality targets for its committees.	Please use Microsoft Forms

Overall SFC Assessment: SFC is assured that, overall, XXXXX College has contributed sufficiently to SFC's Outcomes Framework.

Challenges: The achievement of Financial Viability and Sustainability, and the associated outcome of Estates and Infrastructure, have been very challenging for the college over the course of the year. These Outcomes remain subject to additional SFC monitoring and intensive engagement.

Agreed by SFC: sign / date

Agreed by Institution Accountable Officer: sign / date