

OFFICIAL SENSITIVE COMMERCIAL

SFC Board Meeting

The 151st meeting of the Scottish Funding Council was held on Thursday 15 May 2025 at 0930am (until 1400pm) via Microsoft Teams.

Present: Professor Cara Aitchison (Interim Co-Chair); Lorna Jack (Interim Co-Chair) (*items 10 and 11 only*); Francesca Osowska (Chief Executive); Dr Richard Armour; Linda Hanna; Mhairi Harrington; Professor Ewart Keep; Andy Kerr; Kate Lander; Professor Sir Peter Mathieson; Professor Irene McAra McWilliam; Professor Lesley Yellowlees; Alison Nicolson.

Apologies: David Alexander

In attendance: Martin Boyle (Chief Operating Officer); Richard Maconachie (Director of Finance); Tiffany Ritchie (Interim Director of Finance & Funding); Dr Jacqui Brasted (Director of Access, Learning & Outcomes); Helen Cross (Director of Research & Innovation); Louisa Baker (Deputy Director Governance & Planning); Lynne Raeside (Deputy Director, External Affairs & Policy); Gordon Craig (Deputy Director Tertiary Education Funding) (*items 8 and 9 only*); Ursula Lodge (Deputy Director Institutional Sustainability and Capital) (*item 11 only*); James Lucas (Director and Engagement Leader, KPMG) (*item 12 only*); Helen Higson (Academic Governance Specialist, KPMG) (*item 12 only*); Carys Ross (Engagement Manager, KPMG) (*item 12 only*); Gillian Phillips (Senior Governance Officer) (Clerk).

Observers: Rory Stride (Senior Policy Officer) (*from item 1 to item 9 and then from item 12 to item 23*) (SFC Staff Representative); Sai Shraddha Suresh Viswanathan (NUS President) (*to item 9 only*); Ewan Brierly (Director of Regulation, Medr) (*from item 1 to 9 and then from item 12 to item 23*); Dame Jessica Corner (Executive Chair, Research England) (*from item 1 to item 9 and then from item 12 to item 23*).

1. Welcome and Chair's Business

- 1.1 The Interim Co-Chair welcomed all present to the meeting, making specific mention of Ms Ritchie who was attending her first Board meeting in her interim role of Acting Director of Finance.
- 1.2 The Interim Co-Chair also took the opportunity to convey her congratulations to Ms Brasted who had recently been formally appointed to the permanent role of Director of Access, Learning and Outcomes.
- 1.3 On behalf of the Board the Interim Co-Chair once again expressed her thanks and gratitude to Mr Cantlay who had stepped down from his Chair role in April. Thanks were also extended to the SFC Executive who, it was acknowledged, had provided significant support to both of the Co-Chairs as they embarked on their interim role.
- 1.4 The Interim Co-Chair took the opportunity to remind Board members of the recent dispensation which had recently been granted by the Standards Commission Scotland. It was noted that in some limited circumstances dispensation may be granted by the Standards Commission in relation to the existence of financial and non-financial interests which in terms of the Board's Code of Conduct would otherwise prohibit participation in discussion and decision-making. Such a dispensation allows affected Board members to continue discussing and making a decision on the matter, provided the relevant interest had been declared, where it is deemed in the public interest that they be allowed to do so.
- 1.5 Board members were reminded of the requirements of SFC's legislation which set out that in appointing members Ministers are to have regard to the desirability of including persons who have experience of and have shown capacity in the provision of fundable further education or fundable higher education and the inherent and unavoidable conflict this created on the Board.
- 1.6 The Deputy Director Governance & Planning had written to the Standards Commission to seek dispensation for Board members with various conflicts. It was confirmed that the Standards Commission had agreed to grant dispensation to enable conflicted Board members to take part in discussions and decision making that could affect institutions. The Standards Commissions had been firmly of the view that it was within the spirit and intent of the Model Code of Conduct to grant the dispensation. Board members were informed that the Standards Commission response to SFC had now been published on its website.

1.7 Board members welcomed this development, agreeing that it would be highly beneficial to the operation of the Board. Following discussion, it was agreed that all relevant declarations would be listed alongside the agenda going forward and any changes should be highlighted at the start of the meeting. The Co-Chair impressed that it was incumbent on Board members to advise the Governance team of any change to their declared interests and that SFC's approved Code of Conduct required them to act in SFC's best interests when acting as an SFC Board member.

2. Declarations of Interest

2.1 The following declarations were noted. As previously agreed, it was noted that these would be included in future Board packs and Board members would need only to reference any significant and substantive changes

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| (i) Professor Aitchison: | For her role as an Honorary Professor of Education, Geography and Cultural Economy at the University of Edinburgh; and

For her Fellowship of the Royal Society of Edinburgh |
| (ii) Ms Hanna | For her position as a Strategic Advisor to the University of Glasgow

For her position as a Lay Member of the Estates Committee of the University of Glasgow; and

For her position as Chair of Scotland's Rural College (SRUC) |
| (iii) Professor Keep | For his position as a member of the Management Board of Glasgow City College |
| (iv) Professor Mathieson | For his position as Principal and Vice Chancellor of the University of Edinburgh

For his position as a Member of Universities Scotland and Universities UK (UUK)

For his position as Board member of Edinburgh and South East Scotland City Region Deal Joint Committee

For his position as a Board member of Roslin Cell Therapies |

	For his position as a Board member of the Carnegie Trust for Scotland; and
	For his position as a Trustee of Newbattle Abbey College
(v) Professor McAra-McWilliam	For her position as Deputy Director of Research & Innovation at Glasgow School of Art
	For her position as a member of UUK Pro-Vice Chancellor (Research & Innovation) Group
	For her position as a member of the Advanced Care Research Advisory Group, Edinburgh University
(vi) Professor Yellowlees	For her position as a member of Edinburgh Napier University Court;
	For her position as a Trustee of Newbattle Abbey College
	For her position as a Fellow of the Royal Society of Edinburgh

3. Minute of the meeting held 20 March 2025

1. The minute of the meeting held on 20 March 2025 was approved as an accurate record.

4. Board Action Log

2. The Board received and noted the Board Action Log. It was agreed that good progress had been made in addressing the actions identified, and that actions marked as complete would now be removed from the log.

5. Interim Co-Chair's Report

3. The Board received and noted the Interim Co-Chairs' Report. The engagements the Interim Co-Chairs had undertaken with key sector stakeholders since commencing their role were highlighted. It was noted that these had been prioritised according to existing and emerging challenges.

5.1 It was reported that the recruitment of the permanent Chair was progressing according

to schedule with interviews scheduled for the end of May.

5.2 Board members were advised that the Scottish Government was planning to advertise for four new Board members at the end of May and would include a requirement for a new Chair of the Finance Committee. It was confirmed that Professor Aitchison would be a member of the recruitment panel and upon publication of the vacancies, SFC would undertake relevant promotional activity in order to attract a strong candidate pool.

5.3 It was reported that as a consequence of Ms Harrington taking on the role of Vice Chair of the Finance Committee, the role of Chair of the Skills, Enhancement, Access and Learning (SEAL) committee had become vacant. Board members were advised that Professor Keep had agreed to take up the position of SEAL Chair with immediate effect, subject to the approval of the Board.

5.4 Similarly, in advance of Professor Yellowlees demitting office on 2 October, it was reported that Dr Armour had agreed to take on the role of Chair of the Research, Knowledge and Exchange Committee (RKEC) with effect from 3 October 2025.

5.5 The Chair of the Remuneration & Nominations Committee (RNC) suggested that there could be a role for the RNC to play in the nomination and appointment of committee Chairs. It was agreed that this proposal would be considered further by the Interim Co-Chairs and the Deputy Director Governance & Planning.

5.6 Board members warmly welcomed the proposals to appoint Professor Keep and Dr Armour and the proposals were subsequently **approved**.

5.7 On behalf of the Board, the Interim Co-Chair took the opportunity to express her gratitude to Ms Harrington for her leadership of the SEAL committee, which was endorsed by Board members.

ACTION: Interim Co-Chairs, Deputy Director Governance & Planning and Chair of RNC to consider the role of RNC in the nomination and appointment of committee Chairs. **Deputy Director Governance & Planning**

6. Chief Executive's Report

- 6.1 The Board received and noted the Chief Executive's Report which provided an update on key priorities and engagements since the last meeting of the Board. The Chief Executive augmented the written report with an update on the recent publication of the UK Government's White Paper on immigration.
- 6.2 It was reported that the White Paper proposed a reduced graduate visa, reducing the post-study period from 24 to 18 months. It was noted that the Government was also exploring the introduction of a levy on higher education provider income for international students, although it was unclear whether this will apply in Scotland. It was acknowledged that even if the levy only applies to England, thereby potentially creating a competitive advantage for Scotland, it could result in a broader reduction in attractiveness to the UK market.
- 6.3 Board members agreed that the proposed changes could have a detrimental effect on higher education institutions and on visa sensitive markets. It was noted that the measures outlined in the White Paper could make visa sponsorship duties more onerous for higher education providers and were being brought in at a time when universities were acutely dependent on international student recruitment.
- 6.4 The Board discussed how it could work collaboratively with others to influence the outcome for Scotland, with concerns raised about the impact on institutions' ability to recruit in an already challenging environment, the knock-on effect to financial sustainability and the wider impact on Scotland. **Discussion Redacted**

7. Post Schools Education and Skills Reform Update

- 7.1 The Board received and considered the paper which provided an update on the post-16 reform programme. Board members were reminded that legislation to facilitate the transition of apprenticeship funding to SFC had been introduced to the Scottish Parliament on 5 February 2025. The legislation included new powers for SFC and changes to governance structures. It was noted that the Board had been invited to provide comments on SFC's formal response to the call for evidence on the legislation and had delegated authority to the Chief Executive to finalise the response.
- 7.2 Board members were advised that the Chief Operating Officer (COO) had attended a hearing of the Education, Children and Young People's (ECYP) committee at the Scottish Parliament to provide evidence of SFC's views of the Bill. Further sessions were due to take place over the course of May with the final evidence session scheduled for 28 May which would be attended by the Minister.

7.3 It was reported that engagement between SFC and SAAS was progressing well and at reasonable pace as the transition of FE student support from SFC did not require legislation. A programme of knowledge exchange had therefore commenced and a governance structure had been established to support the transition process.

7.4 It was reported that the Skills, Enhancement, Access and Learning (SEAL) committee had received an informative and highly beneficial presentation from the Access, Learning & Outcomes (ALO) team earlier in the month. SEAL committee members agreed that the presentation highlighted the breadth, scope and complexity of the apprenticeship programme and demonstrated that the programme had the potential to accelerate reform in the tertiary education sector. It was agreed that the presentation would be shared with the wider Board for information.

7.5 Board members welcomed the governance structures which had been put in place and the work which had been delivered to ensure the smooth transition of the student support function to SAAS. The Board also welcomed the work being done by the Scottish Government to progress the development of a high level framework for implementation and workshops being planned.

7.6 It was confirmed that the SFC Executive would seek to harness the expertise of Board members as implementation progresses.

8. University Final Funding Allocations for AY 2025-26

8.1 The Board received and considered the proposals for final university funding allocations for the academic year (AY) 2025-26. It was confirmed that the proposals were being brought to the Board on the recommendation of the Finance Committee and followed on from the announcement of indicative funding allocations which had been published on 3 April 2025.

8.2 It was reported that feedback from institutions had been broadly positive and there had been a slight reduction in funding allocated due to changes in controlled places. Board members were advised that the Finance Committee had recommended that freed up funding on controlled places be re-allocated to the fee anomalies budget, reinstating this in full for AY 2025 26.

8.3 The Board welcomed the updated and commended the work of the finance team in developing the allocations for AY 2025 26. Thereafter, the Board

(i) **Approved** the proposed final teaching allocations for universities for AY 2025 26 of £728.1m.

(ii) **Approved** the proposed final funding allocations for Research and Innovation for AY 2025 26 of £328.5m.

(iii) **Approved** the proposed final funding allocations for Innovation Centres for AY 2025 26 of £8m.

(iv) **Approved** the proposed final funding allocations for capital funding for AY 2025 26 of £28.6m.

(v) **Approved** the proposed final funding for the Scottish Widening Access Programme (SWAP) for AY 2025 26 of £0.2m.

(vi) **Agreed** that the funding freed up between the indicative and final funding allocations is used to reinstate the Fee Anomalies budget to the previous years' amount.

(vii) **Delegated authority** to the Chief Executive to finalise the final funding for publication at the end of May 2025, subject to the finalised allocations being materially consistent with the contents of the paper and Board discussion.

9. College Final Funding Allocations for AY 2025-26

- 9.1 The Board received and considered the proposals for final college funding allocations for the academic year (AY) 2025-26. It was confirmed that the proposals were being brought to the Board on the recommendation of the Finance Committee and followed on from the announcement of indicative funding allocations which had been published on 10 April 2025.
- 9.2 It was confirmed that the mitigations which were in place for colleges to offset changes to their teaching grant allocations arising from funding model changes had been reconsidered and amended allowing all colleges to benefit from the changes. Board members were advised that benefits would be gradually realised due to mitigations.
- 9.3 It was confirmed that the net effect of the revised mitigations meant that the allocations were unchanged and remained wholly in line with previous Board approval and agreement that implementation of changes to the teaching funding model are progressed.
- 9.4 It was confirmed information on National Insurance (NI) costs had been received from colleges and had been included in the funding allocations presented on a pro-rata basis, based on the information received.
- 9.5 Following the publication of the indicative allocations, the SFC Executive had discussed impact, mitigations and transition support with affected colleges.
- 9.6 The Board expressed their thanks to the Deputy Director Tertiary Education Funding for the detailed overview and thereafter
- (i) **Approved** the proposed final teaching allocations for colleges for AY 2025 26 of £522.5m.
 - (ii) **Approved** the proposed final student support allocations for colleges for AY 2025 26 of £123.0m.
 - (iii) **Approved** the proposed final capital allocations for colleges for AY 2025 26 of £64.8m.
 - (iv) **Approved** the proposed final pension support for colleges for AY 2025 26 of £5.51m.
 - (v) **Delegated authority** to the Chief Executive to finalise the final funding allocations for publication by the end of May 2025 subject to the finalised allocations being materially consistent with the contents of the paper and Board discussion.

10. University of Dundee: Update

4. The Board received and considered a verbal update on the ongoing situation at the University of Dundee. Board members were reminded that a dedicated internal SFC Recovery Team, led by the Director of Finance had been established to provide vital advice and assistance to the institution and the SFC Executive was working closely with the Scottish Government and the University on options for a recovery plan.
- 10.1 It was confirmed that the independent investigation was ongoing and an investigating team had been appointed. Board members were advised that the final report was expected to be published on 19 June.
- 10.2 The Chief Executive confirmed that in addition to the commission of an independent investigation, members of the SFC Executive were also attending Court, Finance Committee and Audit & Risk Committee meetings of the University as observers. It was reported that additional leadership support was now in place at the University, including the former Principal of Abertay as Interim Provost.
5. The Board welcomed the collaborative work that was being undertaken by Dundee, SFC and the Scottish Government to support the University but nevertheless expressed significant concern about the ongoing situation, and emphasised the critical need to ensure that there is a credible financial recovery plan in place and strong leadership to ensure the ongoing stability of the institution. The Board noted the urgent need for a compelling and deliverable strategy and stable leadership team to underpin the long-term stability of the institution.
6. On behalf of the Board, the Interim Co-Chair expressed her thanks and gratitude to the SFC Executive and all those involved with the institution's recovery. It was noted that the circumstances were considered to be profoundly challenging and colleagues across SFC, the Scottish Government and the University were working at pace to develop a long term and sustainable solution for the institution.

11. High Engagement Institutions Update

- 11.1 The Board received and discussed the update, provided by the Director Access, Learning & Outcomes. Board members welcomed and commended the update and noted the significant level of assurance it provided.
7. In addition to the more descriptive narrative, Board members expressed an interest in receiving analysis on cross cutting issues, enabling a more holistic view and deeper, strategic discussions about sector health.

12. Board Effectiveness Review: Final Report

- 12.1 The Board received and considered the final Board Effectiveness Review Report and welcomed consultants from KPMG to the meeting. It was confirmed that the outcome of the report was broadly positive and the openness of Board members, the Executive team and SFC officers had been warmly welcomed by the KPMG team.
- 12.2 It was confirmed that the report had found the Board to be well functioning and many areas of good practice had been identified. Board members were advised that the findings had been grouped into seven broad themes and 17 actions, some of which were considered to be more “future focused”. Board members were advised that the key areas for improvement identified would serve to strengthen the efficiency and effectiveness of the Board, ensuring it remained strategically focused during what were considered to be challenging and uncertain times.
- 12.3 Board members welcomed the report and considered it to be fair and balanced. It was unanimously agreed that in light of the challenges in the sector, it was essential that the Board was strategically focused to adequately address emerging risks associated with financial sustainability, student outcomes and reform.
- 12.4 Board members were advised that the Committee Chairs had met with the Interim Co-Chairs earlier in the month to consider and discuss the forthcoming Board meeting. It was agreed that this had proven to be beneficial and ensured that all committee members had a voice on the Board. It was reported that Committee Chairs had agreed on the need for and welcomed the recommendation for deep, more strategically focused conversations at the Board, whilst simultaneously providing adequate time to consider key issues arising from Board committee meetings.
- 12.5 It was confirmed that a paper setting out an action plan to address the recommendations contained within the report would be brought to the Board’s next meeting in June. It was acknowledged that good progress had already been made in addressing a number of identified actions, including the granting of dispensation to conflicted Board members, and the adoption of a more tiered approach to risk management.
- 12.6 On behalf of the Board, the Interim Co-Chair expressed her thanks to the KPMG team for the informative, helpful and constructive report. She confirmed that the Board were wholly receptive to the recommendations and committed to the ongoing effectiveness of the Board.

13.SFC's Approach to Conflict of Interest

- 13.1 The Board received and considered the paper which set out SFC's current approach to conflict of interest and proposed some changes.
- 13.2 In order to take account of the dispensation granted by the Standards Commission, it was noted that a minor change would be required to be made to the Board's Standing Orders. This change was approved by the Board.
- 13.3 It was agreed that the dispensation granted would allow the Board to operate more coherently and collectively. The approach adopted was unanimously considered to be pragmatic and sensible.

14.Delivery Plan 2024-25: Q4 and Year-End Report

- 14.1 The Board received and considered the Q4 and year-end review of the 2024-25 delivery plan.
- 14.2 It was reported that despite the growing complexity of business-as-usual activities and the subsequent need to refocus resources to support this work, a high number of activities included in the plan had nevertheless been successfully delivered. The number of partially completed activities was a reflection of the numerous competing priorities and the challenge of delivering business as usual in an increasingly difficult sector landscape.
8. The significant work which had been delivered over the past year was acknowledged and commended by the Board. It was agreed that pressing sector matters meant that successes relating to business as usual activity were occasionally overlooked. It was agreed that the organisational achievements over the last 12 months had been considerable and Board members recognised the need to relay the Board's appreciation to staff at the forthcoming All Staff briefing.

15.Final Report on Outcome Agreements and Plans for Case Studies Publication

- 15.1 The Board received and considered the report presented by the Director of Access, Learning and Outcomes (ALO) that provided assurance about colleges' and universities' delivery of their commitments in the 2023-24 Outcome Agreements.
9. Board members welcomed the report and agreed that reports on the new Outcomes Framework and Assurance Model would be helpful in providing valuable insights of emerging issues facing the sectors.

16. Any Other Business

16.1 Board members were advised that committee and Board dates for 2026 were presently under development and following approval by the Executive Team, would be shared with committee Chairs in due course.

17. Net Zero and Sustainability Delivery: Annual Report

17.1 The Net Zero and Sustainability Delivery Annual Report was **noted** by the Board.

18. SFC Health & Safety Annual Report

17.1 The annual health and safety report as **noted** by the Board.

18. Long Term Agenda and Dates of Future Meetings

18.1 The Long Term Agenda and Dates of Future meetings were **noted** by the Board.

19. Finance Committee: Minute of the meeting held 31 January 2025

19.1 The minute of the Finance Committee meeting held 31 January 2025 was **noted** by the Board

21. Finance Committee: Minute of the meeting held 26 February 2025

21.1 The minute of the Finance Committee meeting held 26 February was **noted** by the Board.

22. Finance Committee: Minute of the meeting held 18 March 2025

22.2 The minute of the Finance Committee meeting held 18 March 2025 was **noted** by the Board.

23. Dates of Future Meetings

Thursday 19 June 2025- venue TBC

Thursday 25 September 2025- format and venue TBC

Thursday 20 and Friday 21 November 2025 venue TBC