

**SCOTTISH FUNDING COUNCIL
BOARD MEETING**

**Minute of the meeting held Friday 17 November 2023 at 1100am in Room H1.04,
Dunfermline Campus, Fife College, KY11 8DY**

The 140th meeting of the Scottish Funding Council [SFC] was held Friday 17 November 2023

- PRESENT:** Dr Mike Cantlay OBE [Chair]; Ms Karen Watt [Chief Executive];
Mr David Alexander; Professor Lesley Yellowlees CBE; Professor
Ewart Keep; Professor John Wallace CBE; Ms Mhairi Harrington OBE;
Mr Andy Kerr; Ms Linda Hanna MBE; Mr Grant Ritchie; Professor Irene
McAra McWilliam OBE; Mr Andy Kerr.
- APOLOGIES:** Ms Lorna Jack; Ms Sheila Duncan; Professor Sir Peter Mathieson;
Ms Ellie Gomersall; Dame Jessica Corner; Dr David Blaney.
- IN ATTENDANCE :** Ms Helen Cross [Director of Research & Innovation]; Ms Jacqui Brasted
[Interim Director of Access, Learning & Outcomes]; Mr Martin Boyle
[Director of Policy, Insights and Analysis]; Mr Richard Maconachie
[Director of Finance]; Ms Lynne Raeside [Deputy Director,
External Affairs]; Ms Louisa Baker [Deputy Director Corporate
Governance & Planning]; Ms Gillian Phillips
[Senior Governance Officer] [Board Clerk].
- OBSERVERS:** Ms Morven Pritchard.

23/99 Welcome, Introductions and Apologies

1. The Chair welcomed all attendees to the meeting and the relevant apologies were **noted**.
2. A particular welcome was extended to both Ms Hanna and Mr Ritchie who were both attending their first meeting since being formally appointed to the SFC Board.
3. The Chair also made special mention of Ms Brasted and Ms Phillips who were joining the meeting after taking up the respective roles of Interim Director of Access, Learning and Outcomes and Senior Governance Officer.

23/100 Chair's Business

4. The Chair of the Board gave some verbal remarks and reminded Board members of their responsibility to indicate whether they have, or may be perceived to have, a conflict of interest under any item on the agenda. In response Professor Yellowlees and Professor Wallace both declared an interest under paper SFC/23/70 of the agenda [Royal Society

of Edinburgh]. As Fellows of the RSE, it was noted that both Professor Yellowlees and Professor Wallace had an active and vested interest in the investment of the society and so would take no part in the decision-making.

5. With reference to paper SFC/23/71 it was noted that any declarations would not impact on the ability of conflicted members to participate in proposed discussions as no decisions were being made during this time and the conflicts were not considered to be material.
6. As the operating environment was becoming more challenging, the Chair took the opportunity to remind Board members of their responsibilities around confidentiality and that the data and information discussed by the Board and its committees should be considered as sensitive and be handled with due care and diligence.

23/101 Minute of the meeting held 15 September 2023 [SFC/ MIN/67]

7. The minute of the meeting held 15 September 2023 was **approved** as an accurate record.

23/102 Action Tracker [SFC/23/ 68]

8. The Board received and **noted** the Action Log. It was noted that a number of enhancements had been made to the action tracker, making it clearer which actions had been taken forward and were considered as complete and which required further attention.
9. In response to a query around the review of the Board's standing orders, Board members were reminded that the decision had been taken at the last Board meeting to defer a holistic review of governance (which included a review of delegated authorities and standing orders) in light of the reform agenda and potential organisational change. It was noted that it had been agreed that a refresh of Committee remits would be undertaken and the outcome of this work would be shared with the Board at its March meeting.
10. With reference to action 23/87, Board members were keen to consider organisational priorities following the Minister's planned statement on reform on 5 December and the budget settlement in mid-December. It was agreed this would form part of the redevelopment of the organisation's delivery plan. It was also noted that the Board would welcome further information relating to the analysis of retention and achievement data, particularly in the college sector, in planning the Board's future agendas.

23/103 Chief Executive's Board Report [SFC/23/69]

11. The Board received, considered and noted the report from the Chief Executive which drew attention to strategic topics, sector news and developments in the wider policy environment since the last meeting of the Board. The Chief Executive augmented the written report with further comments about the successful launch of the Alliances for Research Challenges [ARCs] at the end of October, an ambitious initiative to establish collaborative, multi-disciplinary partnerships between universities and across the

research and innovation sector, based around key societal challenges. The Chief Executive reported that the launch event had been positively received.

12. Board members were advised that the Chief Executive had chaired the quarterly SFC/ Universities Scotland liaison meeting which comprised university Principals and planners. It was reported that the group had considered and discussed budgets, reform and student recruitment. It had been agreed that institutions would work with SFC to obtain a clearer picture of recent international recruitment patterns.
13. The Chief Executive reported that a strategic two year pay award for SFC staff for 2023/24 had been successfully developed which reflected SFC's priorities over the next two years. Board members were advised that the SFC executive had worked constructively with the organisation's recognised Trade Union, Unite, and were now close to submitting the business case to the Scottish Government for approval.
14. The Board welcomed and thanked the Chief Executive and wider team for the information provided. Thereafter, the Board
 - (i) **Noted** the updates; and
 - (ii) **Agreed to delegate authority** to the Chief Executive and Chair of the Research and Knowledge Exchange Committee [RKEC] to approve any decisions arising from the analysis of consultation responses which the REF Steering Group agree require publication between meetings of the Board.

23/104 Royal Society of Edinburgh [SFC/23/70]

15. The Director of Research & Innovation introduced the item, which sought the Board's approval of confirmation of funding for the Royal Society of Edinburgh [RSE] in 2024/25.

Discussion redacted.

ACTION: Chief Executive of Royal Society of Edinburgh [RSE] to attend future SFC Board meeting to provide update on delivery of SFC strategic priorities.

**Deputy Director
Corporate Governance
& Planning/ Senior
Governance Officer
[Board Clerk]**

16. Thereafter, the Board
 - (i) **Agreed** that support as outlined in the paper for FY 2024/25 should be offered to the RSE;
 - (ii) **Re-stated** SFC's commitment to funding at a similar level, subject to the availability of funds; and
 - (iii) **Delegated authority** to the Chief Executive to finalise the funding agreement and subject to Ministerial approval, make the appropriate funding award from HE Strategic Funds.

23/105 Innovation Centres

17. The Director of Research & Innovation provided a brief verbal update on the finalisation of Innovation Centre plans and the SFC executive's consideration of next steps. It was reported that transition plans were in place and that specific support was being finalised for those Innovation Centres not continuing to infrastructure investment, where appropriate.
18. The Board **welcomed** and **noted** the update and acknowledged the challenging set of circumstances under which key decisions had been taken.

23/106 Additional Research and Knowledge Exchange Funding from the UK Government [SFC/23/71]

19. The Board received and considered the paper presented by the Director of Research & Innovation which updated the Board on three potential tranches of funding to be made available by the UK Government. The proposed allocations approach and timescales for each block of funding were outlined to the Board, with the caveat that approaches would be finalised once funding sources were confirmed.
20. The Board welcomed the update and developments and thereafter
 - (i) **Agreed** to delegate authority to the Chief Executive, Chair and Deputy Chair to finalise a funding methodology and allocations based on the proposed approach, should funding be confirmed.

23/107 Corporate Governance [SFC/23/72]

21. The Board received and noted the report from the Chair which outlined ongoing developments with regards to the SFC's corporate governance arrangements.
22. Board members were informed that given the recent retirement of three Board members, the Scottish Government had identified two new interim Board members (to 28 June 2024) and would very soon be commencing the process to recruit five permanent members in 2024. In parallel, it was reported that Sheila Duncan had agreed to a second short term of office to 28 June 2024. It was further noted that Mhairi Harrington had agreed to become the Chair of the Skills, Enhancement, Access and Learning [SEAL] Committee.
23. Members were advised that, allied to recent changes in Board membership, the Chair had considered and proposed changes to the composition and membership of each of the Board's standing committees. A paper outlining the recommended changes was **tabled** at the meeting. It was noted that follow up discussions would be arranged where necessary and relevant inductions to each of the committees would be arranged for members as appropriate.
24. The Board was informed that an internally led Board effectiveness review would be undertaken in early 2024 and the proposed questionnaire would be considered by the Audit & Compliance Committee in December. In response to a query, it was confirmed that the pandemic had delayed the delivery of both the internal review and externally coordinated review, but that the external review was planned to be undertaken during

the 2024-25 financial year. Members were informed that the outcome of the internal review next year would feed into the broader Board development plan.

25. Members welcomed the update and thereafter

- (i) **Agreed** the appointment of Ms Harrington as Chair of the SEAL Committee;
- (ii) **Agreed** to the Committee membership changes as outlined by the Chair of the Board in a verbal update during the meeting;
- (iii) **Noted** that the Scottish Government would commence the recruitment of five new Board members in early 2024;
- (iv) **Noted** the proposal for an Internal Board Effectiveness Review; and
- (v) **Noted** that a paper outlining the outcome of discussions around individual Committee remits would be presented to the Board for approval in February 2024.

23/108 Audit & Compliance Committee: Annual Report [SFC/23/73]

26. The Board received and **noted** the annual report from the Audit & Compliance Committee [A&CC] which now included feedback from SFC's designated external auditor. The significant progress made around actions relating to SFC's cyber security environment was noted and welcomed by Board members.

27. It was acknowledged by the Chair of the A&CC that additional meetings to approve the annual report and accounts had been arranged at relatively short notice. The Committee Chair expressed his thanks to the SFC executive for their significant contributions to the annual report and for working at pace to ensure key deadlines were met.

28. Thereafter, the Board **noted** the Audit & Compliance Committee Annual Report.

23/109 Audit & Compliance Committee: Minutes of the meetings held 8 and 15 September 2023 [SFC/23/74]

29. The Board received and **noted** the minutes of the meetings held 8 and 15 September 2023.

23/110 Skills, Enhancement, Access & Learning [SEAL] Committee: Minutes of the meeting held 12 September 2023 [SFC/23/75]

30. The Board received and **noted** the minute of the meeting held 12 September 2023.

23/111 Remuneration Committee: Minutes of the meeting held 21 September 2023 [SFC/23/76]

31. The Board received and **noted** the minute of the meeting held 21 September 2023.

23/112 Research and Knowledge Exchange [RKEC] Committee: Minutes of the meeting held 24 August 2023 [SFC/23/77]

32. The Board received and **noted** the minute of the meeting held 24 August 2023.

23/113 Finance Committee: Minutes of the meeting held 3 October 2023 [SFC/23/78]

33. The Board received and **noted** the minute of the meeting held 3 October 2023.

23/114 Board Long Term Agenda [SFC/23/79]

34. The Board **noted** the rolling programme of forward business. It was noted that the report on high engagement institutions would be received quarterly by the Board, rather than every meeting as set out in the paper. Members were reminded of the open invitation to propose via the Board Secretary or Senior Governance Officer items for discussion in future agendas. It was noted that the long-term agenda would be augmented with the items identified at this meeting for future discussion.

23/115 Any other business

35. The Chair reported that the Scottish Government was due to announce its budget on 19 December. Depending on the announcement, members were advised that a short virtual meeting might be arranged to consider the key implications arising from this.

23/116 Dates of Future Board Meetings

36. Friday 9 February 2024 1000-1300: Virtual via *Teams*
Friday 15 March 2024 1000-1300: Boardroom, Apex 1
Friday 17 May 2024 1000-1300: Virtual, via *Teams*
Friday 28 June 2024 1000-1300: Boardroom, Apex 1
Friday 20 September 2024 1000-1300: Virtual, via *Teams*
Thursday 14 Friday 15 November 2024: Board Strategy Day
Friday 6 December 2024: Virtual via *Teams*