

OFFICIAL SENSITIVE COMMERCIAL

SCOTTISH FUNDING COUNCIL

SFC BOARD

Minute of the meeting held Thursday 13 February 2025 at 1000am via Teams

- PRESENT:** Dr Mike Cantlay (Chair); Ms Francesca Osowska (Chief Executive); Ms Lorna Jack (Deputy Chair); Professor Cara Aitchison ; Mr David Alexander; Ms Linda Hanna MBE (*to item 17 only*); Dr Richard Armour; Ms Mhairi Harrington OBE; Professor Ewart Keep (*to item 17 only*); Mr Andy Kerr; Ms Kate Lander; Professor Irene McAra-McWilliam (*to item 17 only*); Professor Sir Peter Mathieson (*to item 17 only*); Ms Alison Nicolson; Professor Lesley Yellowlees (*to item 17 only*).
- APOLOGIES:** Ms Sai Shraddah Suresh Viswanathan (NUS President) (Observer); Dame Jessica Corner (Observer).
- OBSERVERS:** Mr Rory Stride (SFC Staff Observer) (*from item 2 to item 17 only*); Ms Helen Higson (KPMG) (*from item 2 to item 17 only*); Ms Carys Ross (KPMG) (*from item 2 to item 17 only*).
- IN ATTENDANCE:** Mr Martin Boyle (Director, Policy, Insights & Analytics) (*from item 2 only*); Ms Helen Cross (Director Research & Innovation) (*from item 2 only*); Dr Jacqui Brasted (Interim Director Access, Learning & Outcomes); (*from item 2 only*); Mr Richard Maconachie (Director of Finance) (*from item 2 only*); Ms Louisa Baker (Deputy Director Governance & Planning) (Board Secretary); Ms Lynne Raeside (Deputy Director External Affairs & Policy) (*from item 2 only*); Mr Gordon Craig (Deputy Director Tertiary Education Funding) (*item 9 only*); Ms Gillian Phillips (Senior Governance Officer) (Clerk) (*from item 2 only*);

1. Closed Session

- 1.1 A closed session of the Board took place which was attended by Board members and the Board Secretary.

2. Welcome, Chair's Business and Opening Remarks

- 2.1 The Chair welcomed all present to the meeting, making specific mention of Ms Osowska who was attending her first Board meeting since formally commencing her role as Chief Executive.
- 2.2 The Chair noted that Ms Hanna, Professor Keep, Professor Mathieson, Professor McAra-McWilliam and Professor Yellowlees would exit the meeting for the discussion around high engagement institutions. No other declarations were reported.

3. Minute of the meeting held Friday 6 December 2024

- 3.1 Subject to a minor amendment, the minute of the meeting held Friday 6 December 2024 was approved as an accurate record.

4. Board Action Log and Matters Arising

- 4.1 The Board received and noted the Board Action Log. The Board agreed that actions marked as complete would now be removed from the log.
- 4.2 The Board discussed university governing bodies and the role of the SFC Board in assuring itself that University Courts were providing both SFC and the public with information about their own assurance measures. Board members noted the required regularity of internal annual reviews undertaken by universities in addition to the mandatory completion of five-yearly external reviews as set out in the Scottish Code of Good Higher Education Governance and discussed the mechanisms SFC has in place to provide assurance that institutions were complying with the measures set out in the Code.
- 4.3 The Board discussed the deteriorating situation at the University of Dundee and noted the recent media coverage. Board members unanimously agreed that greater assurance around the long-term sustainability and good governance arrangements of institutions was required and encouraged the Executive Team to consider how this could be provided to the Board.
- 4.4 The Chief Executive thanked Board members for their comments and confirmed that the Executive was working diligently with Dundee's senior leaders as the University developed a robust and sustainable financial recovery plan. It was confirmed that the Executive was engaged in regular meetings with the senior leadership team, with fortnightly senior team meetings now in place to supplement more detailed engagement meetings on the specifics of the financial recovery plan and governance.
- 4.5 The Board discussed SFC's arrangements for monitoring institutional governance and requested that the Executive to consider where responsibility for overall institutional governance should sit within SFC's own governance framework.

ACTION: SFC Executive to consider and recommend where responsibility for overall institutional governance sits within SFC's own framework. **Deputy Director, Governance & Planning**

ACTION: SFC Executive to provide the Board with assurance about the implementation of external reviews of governance effectiveness at institutions. **Interim Director ALO**

5. Chair's Report

- 5.1 The Board received and noted the Chair's report. Board members were advised that a tribute concert for former Board member, Professor John Wallace was planned to take place over the weekend, the specific details of which would be shared in due course. The Chair urged Board members to attend or to support the concert in whatever way they could.
- 5.2 It was noted that KPMG had commenced its work on the external Board effectiveness review and a number of individual sessions with Board members had already taken place. Board members were reminded that the work was planned to be delivered in two phases, and the final report would be presented to the Board in May.

6. Chief Executive's Report

- 6.1 The Board received and noted the Chief Executive's Report 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 an update on SFC's preparedness and readiness for reform.
- 6.2 The Chief Executive reported that SFC colleagues had been briefed by the Executive Team of the Ministerial decision on reform and had been appreciative that key information had been shared with them. The update had been positively received. It was confirmed that the Executive Team was continuing to proactively involve colleagues in discussions.
- 6.3 The Chief Executive reported that the Executive was taking steps to establish necessary internal governance structures. This included a Programme Board supported by a series of policy and operational workstreams. In parallel, it was confirmed that the Executive Team were continuing to make the case to Scottish Government officials that resourcing reform alongside business as usual would be significantly challenging.
- 6.4 The Board discussed the most recent UCAS applicant data, noting that there had been a welcome increase in applications from Scottish domiciled students and international students. Conversely, it was reported that nursing applications had fallen by 2%. The Board also noted that the recent figures released indicated that demand from mature students had declined overall compared with pre-pandemic levels. It was agreed that the data warranted further consideration and scrutiny by the Board.

7. Post School Education and Skills Reform Update

- 7.1 The Board received and noted the update on Post-School Education and Skills Reform, presented by the Deputy Director External Affairs and Policy. Board

members were reminded of the Ministerial announcement on 22nd January which had confirmed the decision to proceed with Option 2: consolidate all post-school provision funding within SFC and all student support funding within SAAS.

- 7.2 It was reported that legislation had been introduced earlier in February and the Bill would see responsibility for providing national training programmes and apprenticeships move to SFC from SDS, thereby consolidating responsibility for the provision of tertiary education and training within SFC. Board members were advised that the Bill also proposed changes to SFC's governance and its oversight of tertiary education, including a greater focus on the needs and interests of learners.
- 7.3 Board members were advised that the programme had moved into a new implementation phase. It was confirmed that a Scottish Government CEO workshop was planned to take place in February and the internal Reform Programme Board (RPB) was considering how SFC would engage with the legislative process.
- 7.4 Board members welcomed the comprehensive update, but continued to express concern about SFC's ability to implement reform alongside a considerable programme of business as usual. It was unanimously agreed that the implementation and delivery of a programme of change would require resource across a broad spectrum of activity which would require significant and sustained investment. It was observed that SDS staff have considerable expertise and knowledge about apprenticeships so early and meaningful engagement with SDS was considered to be crucial.
- 7.5 The Chief Executive thanked Board members for their comments and confirmed that the internal Reform Programme Board was considering the governance to support the new phase of delivery. It was reported that the Executive would continue to make the case to the Scottish Government that resourcing reform would be challenging alongside delivering business as usual.

8. SFC Delivery Plan 2024-25: Q3 Report

- 8.1 The Board received and considered the paper, presented by the Deputy Director Governance & Planning which provided the Board with the quarter three review of the 2024-25 Delivery Plan. It was reported that good progress was being made in relation to the activities contained within SFC's 2024-25 Delivery Plan, with 22 activities considered to be complete and a further 20 considered to be on track to be delivered by the identified deadline.
- 8.2 Board members were advised that work to develop the 2025-26 Delivery Plan was already underway and the Governance team had commenced a programme of extensive engagement, consulting with key internal stakeholders and ensuring alignment with SFC's overarching strategic objectives.

- 8.3 The Board welcomed the comprehensive update but expressed concern at the number of activities and detail captured in the plan. The Chief Executive welcomed the comments and confirmed that the Executive Team was focused on developing a more streamlined delivery plan for 2025-27. The Board was advised that the approach to key performance indicators (KPIs) would be initially tested with a small number of Board members before being brought to the Board for approval in March.

9. Scottish Government Draft Budget 2025-26 and Funding Allocation Principles

- 9.1 The Board received and discussed the paper, presented by the Deputy Director Tertiary Education Funding, which outlined the draft Scottish Budget for financial year [FY] 2025-26 for college and university funding and SFC running costs. It was noted that the paper also set out a number of principles which SFC should adhere to and recommended approaches to guide indicative funding allocations for colleges and universities. The Board was informed that the proposals outlined were being brought to the Board on the recommendation of the Finance Committee.
- 9.2 It was confirmed that per the Scottish Government's Letter of Guidance, 2,500 SQA places were planned to be removed from the system this year but the funding would remain. Board members were advised that the Letter of Guidance set out the requirement to ensure funds were aligned to demand.
- 9.3 It was reported that interactions with the sector to date had been broadly positive and the Executive Team had been engaging with the sector bodies. It was noted that university principals had invited SFC to participate in the development of a longer-term plan around the vision of the sector, which the Executive had supported. Board members discussed the importance of having a clear, consistent and coherent communications plan for the sector, with rationale for the proposed approach clearly outlined, supplemented by robust data.,

ACTION: SFC Executive to develop and implement robust funding allocations communications plan. **Deputy Director External Affairs & Policy/ Deputy Director Tertiary Education Funding**

- 9.4 The Board observed that a complex programme of reform would require to be delivered alongside a challenging budget: the allocation principles outlined were therefore commended by the Board. It was noted that these were considered to be sensible, pragmatic and proportionate.
- 9.5 Thereafter, and following discussion, the Board
- (i) Noted the timeline for publishing funding allocations for AY 2025- 26 and that proposals for indicative allocations would be brought to the Board for approval at its meeting on 20 March; and

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- (ii) Noted the draft FY 2025-26 Scottish Budget and the subsequent funding available for 2025-26.

10. Financial Transactions

- 10.1 The Board received and considered the report presented by the Finance Director which provided an update on the Financial Transactions (FT) Programme.
Discussion redacted.
- 10.2 It was confirmed that the both the Capital Committee and Finance Committee had received and approved the proposals on 22 January and 31 January respectively.
- 10.3 ***Discussion redacted.***
- 10.4 Board members broadly welcomed the proposals. They discussed the repurposing of funding and monitoring of funds to ensure they are used for their intended purpose.
- 10.5 Thereafter, the Board approved the proposals as set out and agreed to delegate authority to the Chief Executive to conclude negotiations and make the offers of funding up to the amount stated.

11. College Infrastructure Investment Plan (CIIP) Stage One Publication

- 11.1 The Board received and considered the paper which provided an update on progress of the Stage One College Infrastructure Investment Plan (CIIP) and planned activity for Stage Two of the College Infrastructure Strategy (CIS) programme.
- 11.2 It was reported that significant progress had been made on the CIS programme to date, including the completion of the Baseline 2024 data collection. Board members were informed that the collation of this key data would enable SFC to develop a robust understanding of the entirety of the college estate function and performance as it currently exists and would be highly beneficial in facilitating future reporting to the Scottish Government.
- 11.3 Board members welcomed the detailed update provided and commended the work of the finance team in developing and preparing the Phase One report. Whilst Board members broadly endorsed the key issues and options identified, the challenges associated with these were also acknowledged.
- 11.4 ***Discussion redacted.***

12. Dunfermline Learning Campus (DLC): Lessons Learned Report and Internal Audit Report

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- 12.1 The Board received and noted the Dunfermline Learning Campus (DLC) Lessons Learned Report and Internal Audit Report. It was confirmed that these had been considered in detail by both the Audit & Risk Committee (ARC) and Capital Committee.

13. Equalities Outcomes: Annual Update

- 13.1 The Board received and noted the annual update on Equalities Outcomes.

14. Long Term Agenda and Dates of Future Meetings

- 14.1 The Board received and noted the long term agenda and dates of future meetings.

15. Capital Committee: Minute of the meeting held 25 September 2025

- 15.1 The Board received and noted the minute of the Capital Committee held 25 September 2024.

16. SEAL Committee: Minute of the meeting held 01 October 2024

- 16.1 The Board received and noted the minute of the Skills, Enhancement, Access and Learning (SEAL) Committee held 1 October 2024.

17. RKEC: Minute of the meeting held 22 October 2024

- 17.1 The Board received and noted the minute of the Research and Knowledge Exchange Committee (RKEC) held 22 October 2024.

Reserved Item

18. High Engagement Institutions

- 18.1 The Board received and discussed the update, provided by the Interim Director Access, Learning & Outcomes. Board members welcomed and commended the update and noted the significant level of assurance it provided.

19. Dates of Future Meetings

Thursday 20 March 2025, Boardroom Apex 1
Thursday 15 May 2025, via *Teams*
Thursday 19 June 2025, BE-ST Hamilton
Thursday 25 September 2025, via *Teams*
Thursday 20 and Friday 21 November 2025 venue TBC

