OFFICIAL SENSITIVE COMMERCIAL

SFC Board Meeting

The 154th meeting of the Scottish Funding Council was held on Thursday 19th June 2025 from 0930am in the Boardroom, Gardyne Campus, Dundee & Angus College, DD5 1NY and via Teams.

Present: Lorna Jack (Interim Co-Chair) (Chair); Professor Cara Aitchison (Interim Co-Chair); Francesca Osowska (*to item #15*); Kate Lander; Andy Kerr; Professor Irene McAra McWilliam; Professor Ewart Keep; Dr Richard Armour; David Alexander (*to item #15*); Linda Hanna; Professor Sir Peter Mathieson (via *Teams*) (*to item #7 only*).

Apologies: Alison Nicolson; Professor Lesley Yellowlees ; Mhairi Harrington; Tiffany Ritchie (Acting Director of Finance); Rory Stride (Observer); Dame Jessica Corner (Observer); Sai Shraddah Suresh Viswanathan (Observer); Simon Pirotte (Observer)

Officers: Martin Boyle (Chief Operating Officer); Dr Jacqui Brasted (Director, Access Learning & Outcomes) (*to item #15*); Helen Cross (Director, Research & Innovation): Richard Maconachie (Director, Dundee Recovery Team); Lynne Raeside (Deputy Director, External Affairs & Policy) (*to item #15*); Sharon Drysdale (Deputy Director Skills and Coherent Provision) (*item #15* only); Louisa Baker (Deputy Director, Governance & Planning) (Board Secretary); Gillian Phillips (Senior Governance Officer (Board Clerk).

1. Welcome and Chair's Business

1.1 The Interim Co-Chair welcomed all present to the meeting and the relevant apologies were noted.

1.2 Board members were reminded that a number of strategic sessions with members of the Dundee & Angus College Senior Leadership Team and student representatives from the College were planned to take place in the afternoon following the Board meeting. Board members were also invited to partake in a tour of the campus facilities.

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1.3 The Interim Co-Chair advised that members of the SFC Executive Team would be required to leave the Board meeting at around 1.30pm in order to attend the planned town-hall meeting covering the publication of the independent investigation into Dundee University.

2. Declarations of Interest

2.1 The declarations of interest were noted.

2.2 ***Discussion redacted***

3. Minute of the meeting held 15 May 2025

3.1 Subject to a minor amendment, the minute of the meeting held 15 May 2025 was approved as an accurate record.

4. Minute of the extraordinary meeting held 5 June 2025

4.1 The minute of the extraordinary meeting held 5 June 2025 was approved as an accurate record.

5. Board Action Log

5.1 The Board received and approved the Board Action Log. The good progress in addressing key actions from previous meetings was noted and it was agreed that the actions marked as complete would be removed from the log.

6. Co-Chairs' Report

6.1 The Board received and noted the Interim Co-Chairs' Report. It was reported that the Board member appointment process was scheduled to be launched by the end of the week. Board members were informed that the recruitment panel had met a number of times to agree the content of the information pack for the appointment and the timeline for recruitment. It was confirmed that the vacancies would close on 15 July and interviews were scheduled to take place over five days from 11 to 15 August.

6.2 It was agreed that the relevant information would be shared with Board members once the advert was live. Board members were encouraged to share the opportunities widely within their respective network in order to generate a strong candidate pool.

6.3 The series of engagements undertaken by the Interim Co-Chairs since the last meeting of the Board were noted and discussed. Following a meeting with the College Chairs in May, it was confirmed that the Interim Co-Chairs had reached out to the new Chief Executive of Colleges Scotland to arrange an introductory meeting. The Interim Co-Chairs' positive visit to Forth Valley College was noted.

6.4 Board members were informed that the Interim Co-Chair (Professor Aitchison) had attended a meeting of the Committee of University Chairs (CUC) in May. It was reported that the CUC had established a Governance Steering Group, comprising Chief Executives of UK bodies such as UUK, and Advance HE, Chairs of the OfS, Medr and SFC, and Chairs of a number of University Boards and Courts, to commission a review the existing Code of Governance that applies to universities in England and Wales. Three representatives from Scotland were also members: Cara Aitchison, Chair of SFC; Claire McPherson, Director of Universities Scotland; and Julie Ashworth, Chair of the Committee of Scottish Chairs. It was noted that the Scottish Code of Governance had recently been reviewed in 2023, but contributing to and learning from the wider UK review was considered valuable given the increasing challenges for governance, leadership and financial sustainability across the sector.

6.5 It was reported that an announcement regarding the appointment of a permanent Chair for SFC was expected in July.

7. Chief Executive's Report

7.1 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 updates on a number of positive developments and activities that had taken place across the sector since the last meeting of the Board. It was confirmed that university research was positively supporting Programme for Government (PfG) priorities and the recent Regional Pathfinders dissemination event held at Stirling University at the end of May had successfully demonstrated positive tertiary collaboration with agency, employer and local authority partners.

7.2 Board members discussed the recent Royal Society of Edinburgh (RSE) two-day conference on the funding of tertiary education. Whilst the presentations and sessions were considered to have been interesting and insightful, Board members were collectively in agreement that the conference did not reach any conclusive solutions or identify solutions to the challenges the sectors face. It was noted that the following communication had been shared with delegates following the event: *Over the next 2-3 weeks a digest of key points discussed during the Conference will be circulated by the RSE to delegates and made widely available with a view to stimulating further discussion and activity related to the future of tertiary education funding in Scotland. We hope to publish a full document in the autumn which will bring together the submitted papers,* *slides and summaries. Beyond that, the RSE is giving consideration to how it can most usefully contribute to ongoing debate in this area. We can keep delegates updated on these developments. Many thanks for your input and continued interest.*

7.3 It was noted that the Board would be invited to consider and approve further funding for RSE later in the calendar year, taking account of RSE's direct contribution to the delivery of SFC's priorities through shared objectives.

8. SFC Risk Register and Assurance Map

8.1 The Board received and discussed the Risk Register and Board members were reminded that the paper set out risks according to SFC's revised approach to risk management, as approved by the Board in March. It was confirmed that the inaugural paper presented a significant shift in risk management culture and teams were working hard to further mature SFC's approach.

8.2 Board members were informed that alongside the strategic risks, a number of corporate risks had also been included in the paper. It was noted that these had been identified by Directorates across the organisation and all had been assigned a high residual risk score of 16 or above. It was confirmed that the Audit & Risk Committee (ARC) had considered the register at its meeting on 13 June and had welcomed the progress made in evolving both the risk register and risk culture within SFC. It was agreed that the provision of both strategic and corporate risks would enable the Board to ensure its agendas were focused on the key risks facing SFC.

8.3 Board members noted the absence of any specific "people" risk but observed that this was underpinning in a number of strategic risks. It was noted that the ARC had recommended that committee ownership of the strategic risks should be captured in the register.

8.4 It was confirmed that the introduction of the new risk management framework had been positively received by SFC staff and had brought a new awareness of risk. Board members were informed that all Directorates now had established risk registers in place and these were being actively considered and discussed.

8.5 Board members considered the frequency of risk reporting to the Board and noted that escalation of any risks would occur through SFC's committee structure. The risk register's status as a dynamic and live document was noted and its usefulness as a tool to drive agendas and discussion strategically at the Board was agreed. It was recommended that the SFC Executive consider the formulation of future agendas, ensuring that the Board is given an opportunity to consider and discuss all themes captured in the risk register.

8.6 The Interim Co-Chair noted the positive feedback and commended the SFC executive on the significant progress made in evolving and maturing SFC's risk management framework.

9. University of Dundee: Update

9.1 The Chief Executive provided Board members with a summary of recent activity in relation to the University of Dundee. Board members were thanked for their input into the letter from the Chief Executive (in her capacity as Accountable Officer) to the Scottish Government, with a financial request from the University. It was confirmed that the feedback they provided had been helpful and supportive.

9.2 Board members were reminded that the Scottish Government may consider a Section 25 order, directing the application of funds for any support and that specific conditions would be placed on any funding.

9.3 The timelines associated with the publication of the independent investigation into the circumstances that led to the financial challenges experienced by the University of Dundee were set out to Board members. Board members were informed that the investigation's findings would be presented to staff and students at a Townhall meeting at 14.00 and would be published on SFC's website and shared with wider stakeholders.

9.4 It was confirmed that the report identified a range of issues that contributed to the financial challenges facing the University and that the appropriate time would be taken to reflect on the actions that would minimise the risk of the situation happening again.

9.5 Board members expressed their disappointment at the ongoing situation and reiterated the need for strong and stable leadership to underpin and guide the long-term stability of the institution. It was unanimously agreed that the sustainability of the sector goes beyond financial matters and that that this must also include credible and effective strategies for the future and robust and effective governance.

9.6 Board members discussed and considered the use of the Section 25 (s25) order and agreed that it may be appropriate to exercise these powers in order to ensure funding from Scottish Government was directed to the University. The recognition that the use of s25 would remove some of the Board's powers was noted, however the situation at Dundee was agreed to be unprecedented and Board members agreed that the order may therefore be appropriate in meeting the needs of the University and wider policy objectives.

9.7 The recommendation to involve SFC in Court members' induction was noted. It was suggested that this could be beneficial in highlighting specific governance requirements and responsibilities.

9.8 On behalf of the Board, the Interim Co-Chairs took the opportunity to express their thanks to the SFC Executive and wider Dundee Recovery Team for the work to date in relation to securing the financial sustainability of the University. The Board recognised the extreme challenges the situation had presented for SFC colleagues across the organisation and that colleagues had at times, worked under significant pressure and at pace. The diligence, professionalism, commitment and credibility demonstrated by SFC colleagues was commended by the Interim Co-Chairs. These sentiments were endorsed by Board members.

10. Report from the Skills, Enhancement, Access and Learning (SEAL) Committee

10.1 The Interim Co-Chair introduced the section on committee reporting, reminding Board members that the introduction of verbal reports from Committee Chairs at Board meetings had been included as a recommendation in the recent Board Effectiveness Review.

10.2 In the absence of Ms Harrington, Professor Keep provided an update on recent activity and developments at the SEAL committee. Board members were advised that at their last meeting on 8th May, the Committee had discussed *inter alia:*

- The Tertiary Quality Enhancement Framework and the final report on Outcome Agreements and plans for case study publications. With regards to the former, it was reported that there were already good lessons learned and opportunities for further enhancement over the next six years.
- A comprehensive and informative presentation on apprenticeships, which was planned to be presented to the Board shortly.

10.3 The Committee had been informed that Professor Keep would assume the role of Committee Chair in October 2025, following the departure of Ms Harrington.

11. Report from the Research and Knowledge Exchange Committee

11.1 Board members were informed that RKEC had last met on 4 June and had received and discussed *inter alia:*

- Progress reports from the strategic projects SFC had funded. It was reported that the Committee had been joined by the Alliances for Research Challenge (ARC) Leads and had been provided with a comprehensive update on the progress of the Alliances for Research Challenge since these had been officially launched in October 2023.
- KEIF: Five Year Strategies and the Evolution of the Funding Model. Board members were informed that the Committee had considered the five-year KEIF strategies and received an update on the KEIF AY 2025-26 allocations. It was confirmed that the Committee had also discussed the evolution of the funding model.
- Risk: It was confirmed that the Committee had discussed in detail the Research & Innovation directorate's corporate risk register. The Committee had welcomed the new structure and methodology which had been put in place with regards to risk and agreed that the risks identified were appropriate and pragmatic.

11.2 The Committee was informed that Dr Richard Armour would assume the role of Committee Chair in October 2025 following the departure of Professor Yellowlees.

12. Report from the Remuneration & Nominations Committee

12.1 Board members were informed that the Remuneration & Nominations Committee (RNC) had last met on 13 May and had discussed *inter alia*:

- Scottish Government Pay Strategy: It was reported that the Committee had been informed that official guidance had been published by the Scottish Government and ongoing discussions with SFC's recognised trade union had been positive.
- The IT Skills and Capabilities Internal Audit Report: The Committee had been informed that since the audit report was completed the IT team were in a much stronger position.
- Board Succession Planning: The Deputy Director Governance & Planning had attended the meeting and provided assurance that previous comments made by the Committee in relation to skills gaps had been relayed to the Scottish Government.

13. Report from the Audit & Risk Committee

13.1 Board members were informed that the Audit & Risk Committee (ARC) had last met on 13 June and had received, discussed and approved *inter alia:*

- Changes to the Committee's standing orders, allowing the appointment of external members to the Committee.
- The Committee welcomed the significant progress which had been made in evolving and developing the risk register and considered the risk register to be robust and comprehensive with realistic mitigants in place.

- The Committee noted the good progress which had been made in addressing recommendations made in previous audit reports. ARC members welcomed the significant progress which had been made with regards to the progressing of audit actions and agreed that the culture and environment in this area was considerably improved.
- The Committee also received and considered the draft Annual Report and Accounts, recommending further areas of improvement before the document was finalised in September.
- The Committee also received the annual report from internal audit and noted that internal audit had identified an overall moderate level of assurance on SFC's framework of governance, risk management and management control.

14. Report from the Finance Committee

14.1 Board members were informed that the Finance Committee had last met on 29 May and had received and discussed *inter alia:*

- The Committee agreed that whilst it had primary responsibility for a number of risks, they should remain sighted on all of the strategic risks.
- The Committee received and considered a number of proposed changes to the financial delegation as set out in the current Scheme of Delegation (SoD). It was agreed that updated proposals on financial delegations be brought to the Committee in October and would be informed by further discussions between Committee members and the Acting Director of Finance.
- The Committee considered the draft ARA and confirmed its consistency with financial information reviewed by the Committee during the year.
- The Committee also considered and discussed at length the financial health of the sectors and was presented with data and analysis based on latest forecasts.

15. Post 16 Reform Programme Update

15.1 The Board received and considered a presentation from the Deputy Director External Affairs and Policy which set out progress against the Scottish Government Post-16 Reform Programme. The internal governance arrangements pertaining to the reform programme were highlighted and the proposed communications and engagement plan was set out.

15.2 Thereafter, the Deputy Director Skills and Coherent Provision delivered to the Board a presentation on Skills Planning and Apprenticeships. The Board were informed of *inter alia:*

- The structure of Foundation Apprenticeships, Modern Apprenticeships and Graduate Apprenticeships and the number of apprenticeships available for each type.
- The overview of current apprenticeships including the current funding sources.
- The considerations for SFC for Reform.
- The current governance of Scottish apprenticeships.
- The role of the SAAB group.
- The current Modern Apprenticeships Framework Development and the roles of the Standards and Frameworks Group (SFG) and Apprenticeship Approval Group (AAG).
- The opportunities and challenges relating to Modern Apprenticeships.

15.3 Board members welcomed the thorough and comprehensive update. It was noted that the Board would be kept appraised of future activity and developments in Reform through the standing Board agenda item.

16. Transformation Update

16.1 The Board received a presentation from the Chief Operating Officer (COO) on SFC's Transformation Programme. The work that was making a considerable impact on the effectiveness and efficiency of the organisation was highlighted.

16.2 It was reported that the Corporate Services Team had made significant headway in progressing and reforming key systems, processes and procedures. It was noted that both IT and HR were closely linked to Reform and colleagues in SFC were working hard to ensure that the relevant systems and processes were in place.

16.3 The Board welcomed and endorsed the comprehensive update and noted the significant amount of work which had been delivered in the last 12 months alongside other key priorities.

17. SFC Board Effectiveness Review: Action Plan

17.1 The Board received and approved the Board Effectiveness Review Action Plan and noted the good progress which had already been made in taking forward recommendations arising from the review.

18. Annual Review of Committee Remits

18.1 The Board received and considered the annual review of Committee remits and standing orders. The Deputy Director Governance & Planning suggested that following the appointment of the new permanent Chair, the Board may wish to take the time to review its committee structure, particularly in light of the introduction of an Apprenticeship Committee.

18.2 It was noted that the Executive Team would be holding a strategy day in July and would take the time to consider the future vision of the organisation and the committees it needs to deliver that vision. It was noted that the Board would be provided with an opportunity to consider this further at their planned Strategy Event in November.

18.3 Thereafter the Board approved the proposed changes to committee standing orders, as set out in the paper.

19. Dates of Future Meetings

19.1 The need for further ad-hoc meetings over the summer period was noted and it was agreed that the Board Clerk would be in touch with dates in due course. Notwithstanding, future dates of the Board were noted:

- Thursday 25 September 2025
- Thursday 20 November and Friday 21 November 2025
- Thursday 11 December 2025