

## SFC Board Meeting Minutes

The 155<sup>th</sup> meeting of the Scottish Funding Council was held Thursday 4 September 2025 from 09.30am via *Teams*

**Present:** Professor Cara Aitchison (Chair); Lorna Jack; Francesca Osowska (Chief Executive); David Alexander; Dr Richard Armour; Professor Ewart Keep; Andy Kerr; Professor Sir Peter Mathieson; Linda Hanna; Kate Lander; Professor Irene McAra-McWilliam; Professor Lesley Yellowlees; Alison Nicholson.

**Apologies:** Mhairi Harrington; Dr Jacqui Brasted (Director, Access, Learning and Outcomes); Helen Cross (Director, Research & Innovation).

**In attendance:** Martin Boyle (Chief Operating Officer); Richard Maconachie (Director Dundee Recovery Team); Tiffany Ritchie (Acting Director of Finance); Lynne Raeside (Deputy Director External Affairs and Policy); Peter Ward (Financial Analyst); James Harrison (Programme Manager, Dundee Recovery Team); Louisa Baker (Deputy Director Governance & Planning); Gillian Phillips (Senior Governance Officer) (Clerk).

### 1. Welcome & Chair's Business

1.1 The Chair welcomed all present to the meeting, and the relevant apologies were **noted**.

1.2 On behalf of the Board, Ms Jack took the opportunity to warmly congratulate Professor Aitchison on her appointment as the permanent Chair of SFC, noting that this was her first Board meeting since being formally appointed to the role. It was agreed that Professor Aitchison's leadership would place SFC in a strong position and would ensure stability and consistency through a period of significant change. Board members warmly endorsed those sentiments.

### 2. Declarations of Interest

2.1 Board members were reminded that the matters to be discussed were considered to be highly confidential and commercially sensitive and SFC's Code of Conduct required them to act in SFC's best interests when acting as an SFC Board member.

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2.2 The declarations of interest were noted. Ms. Hanna reported that she had recently stepped down from her position as a Strategic Advisor at the University of Glasgow and had been in touch with the Governance team to update her register of interests form.

### 3. University of Dundee: (i) Financial Recovery Plan (ii) Scottish Government Section 25 Letter

3.1 The Chair reminded Board members of the purpose of the meeting, noting that this had originally been set up to allow the Board to consider the University Recovery Plan (URP) and approve a further tranche of funding under Section 25 (s25) of the Further and Higher Education (Scotland) Act 2005, following the appropriate scrutiny undertaken by an extraordinary meeting of the Finance Committee, scheduled for the week beginning 25 August.

3.2 It was noted that insufficient progress had been made in demonstrating the strategic rationale for the URP and as such the Chief Executive of SFC had written to the University Chair on 18 August, requiring the framing of the recovery plan within a substantive strategy for the University to ensure any proposed irreversible changes to structure and workforce are congruent with that strategic direction.

3.3 Insufficient progress in relation to the financial plan meant that the extraordinary meeting of the Finance Committee could not take place as planned. In deciding to postpone the Finance Committee it had also been emphasised by the SFC Chair, Chair of the Finance Committee and the Chief Executive that the Board should continue to meet as arranged to provide a comprehensive update.

3.4 The need to support transformation at pace was highlighted by the Chair and it was agreed that further clarity around timescales and targets was required. The proposal to withdraw temporarily a previously approved £12m Financial Transactions (FTs) loan and switch this loan to £12m grant funding from the up to £40m announced by the Cabinet Secretary was outlined to Board members. It was confirmed that the £12m grant would be provided under s25 and robust conditions with measurable outcomes should be attached to this.

3.5 Significant concerns were expressed about the lack of progress in the development and delivery of a longer-term strategic plan and in securing and stabilising key leadership positions within the University. The need to expedite the transformation of the University towards a sustainable financial base was noted with Board members recognising the need for significant reductions in the cost base associated with salaries and which represented the majority of the University's costs. The Board expressed concerns that if the transformation of the University were not expedited as expected, the University may request additional funds, beyond those being offered through s25. The Board also acknowledged the need for this to be framed in a strategic context and to consider other options of cost savings in addition to redundancies.

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- 3.6 The reputational risks to SFC were noted and discussed. It was noted that the s25 order was a formal direction from Scottish Government on how the funds provided should be utilised for the University of Dundee and therefore offered SFC a degree of protection. It was agreed that the present situation was unprecedented, and it was confirmed that the role of the SFC Board was to offer views and advice to Scottish Government on the proposed conditions of the s25 £40m funding. The Board noted that Deloitte had been commissioned by the Scottish Government to undertake a programme of due diligence work on behalf of the Scottish Government and SFC. The Board were advised that the outcome of this work would be reported to the Board in due course.
- 3.7 The Board expressed concern over the need to strengthen leadership in the University. Whilst it was confirmed that there was no provision for SFC to be involved in the appointment of the permanent Chair of Court, broad assurance had been received from the Interim University Secretary that there would be a new substantive Chair of Court in place by the middle of October.
- 3.8 The Board considered the implications of Scottish Government influence over the University of Dundee's financial affairs and the potential implications for ONS classification. The Board understands that ONS classification pertains to the sector as a whole and that undue intervention by Government could risk the current classification for all universities in Scotland thus threatening, for example, universities' ability to access commercial lending. In the case of the University of Dundee it was agreed that the use of s25 powers was appropriate to provide the necessary funding package and that it was now essential that the university stabilises its finances, supported by a new strategic plan and strong and stable leadership and governance; this stability in finances and strength in leadership would serve to avert any detrimental and destabilising impact the current situation could have on the wider sector. It was confirmed that the SFC Executive will seek further advice to confirm this understanding and is working closely with Ministers to ensure they understood the implications of any decisions they might make regarding the University.
- 3.9 Board members noted the need for further scrutiny on the investment and the requirement for appropriate due diligence in relation to the proposed £12m grant. Following discussion, it was agreed that whilst the Board was content to approve in principle the switch of the previously agreed £12m FT loan to grant funding of £12m from the up to £40m announced by the Cabinet Secretary, the "in principle" terminology was considered to be critical to allow both the Finance Committee and Board the appropriate time to undertake the relevant scrutiny and analysis. The importance of exercising the Board's normal two-tier governance process of Committee scrutiny, for financial decisions, followed by full Board discussion and decision-making was emphasised; the need for maintaining this robust governance practice while s25 was in place was agreed.
- 3.10 It was agreed that comments on the conditions of grant should be submitted to the Chief Executive and Director of Finance (Dundee Recovery Team) to enable these to be incorporated

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into a paper to be taken to the Finance Committee on 17 September and Board on 25 September. It was confirmed that Board member comments would also be reflected in the response to the Cabinet Secretary's letter to the SFC Chair, dated 4 August 2025, regarding the s25 order. This would also be brought to the Board on 25 September for members' consideration and approval.

3.11 The Chair expressed her deep thanks to Board members for their candid and constructive comments.

#### 4. Date of Next Meeting

Thursday 25 September at 10:30am in the Boardroom, Apex 1.