
OFFICIAL SENSITIVE COMMERCIAL

SFC Board Meeting

The 156th meeting of the Scottish Funding Council was held on Thursday 25 September 2025 from 1030am in Carnegie A, Apex 1, Haymarket Terrace, Edinburgh, EH12 5HD and via *Teams*.

Present: Professor Cara Aitchison (Chair); Lorna Jack; David Alexander; Richard Armour (via *Teams*); Linda Hanna (via *Teams*); Mhairi Harrington; Professor Ewart Keep; Andy Kerr; Kate Lander; Professor Sir Peter Mathieson; Professor Irene McAra McWilliam; Alison Nicolson; Professor Lesley Yellowlees.

Apologies: Francesca Osowska (Chief Executive); Dame Jessica Corner (Observer); Sai Shraddah Suresh Viswanathan (Observer).

In attendance: Martin Boyle (Chief Operating Officer); Dr Jacqui Brasted (Director of Access, Learning and Outcomes); Helen Cross (Director of Research & Innovation); Tiffany Ritchie (Acting Director of Finance); Richard Maconchie (Director, Dundee Recovery Team); Louisa Baker (Deputy Director Governance & Planning); Lynne Raeside (Deputy Director, External Affairs & Policy); Tereasa Ironside (Deputy Director, Strategic Change) (*item #10 only*); Ishana Singh (Forvis Mazars) (*item #11 only*); Louis Mitchell (Senior Data Analyst) (*item #21 only*); Gordon Craig (Deputy Director Tertiary Education Funding) (*item #19 only*); 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 *Discussion Redacted.*

1.3 The Chair made reference to the introduction of the new Board Portal, noting that this was a necessary and welcome development to ensure the safety and security of confidential and commercially sensitive information shared with Board members.

1.4 The Chair also thanked Board members for their attendance at the meeting, which was considered to be unusually long given the volume business to be considered. Board members were reminded that Mr Alexander, Professor Yellowlees and Ms Harrington were due to demit

office on 2 October and the Board would be provided with an opportunity to bid them a fond farewell at the end of the meeting.

2. Declarations of Interest

2.1 The declarations of interest were **noted** and no new declarations were declared.

3. Minute of the extraordinary meeting held 12 June 2025

3.1 The minute of the meeting held 12 June 2025 was **approved** as an accurate record.

4. Minute of the meeting held 19 June 2025

4.1 The minute of the meeting held 19 June 2025 was **approved** as an accurate record.

5. Minute of the extraordinary meeting held 4 September 2025

5.1 Subject to a handful of minor amendments, the minute of the meeting held 4 September was **approved**. *Discussion redacted.*

6. Board Action Log

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

8. Chair's Report

8.1 The Board **received** and **noted** the Chair's Report. The Chair reported that the Board member recruitment process had concluded and the Minister had recently approved the appointment of five new Board members. It was noted pre-employment checks were presently being undertaken and a full day induction session had been arranged for early October. It was reported that the recruitment exercise had produced an extensive field of highly experienced applicants and those appointed would strengthen the Board's expertise.

8.2 The Chair reported that the next recruitment round for the appointment of five new Board members in November 2026 would begin in early 2026. Board members emphasised the need for early and proactive engagement with Scottish Government representatives ahead of the next round of recruitment to allow for sufficient contingency time, if needed.

8.3 The schedule and location of future Board meetings was highlighted. It was noted that the format of a number of meetings had been amended from "virtual" to "in person". The Chair advised that this would enable the Board to continue to build its culture, strengthen relationships and increase visibility and engagement with key stakeholders.

8.4 The Finance Committee's proposal to increase its membership through the appointment of external members was discussed by the Board. It was noted that external committee members would be required to comply with the same Code of Conduct as Board members. The knowledge and insight that external members could bring to the Committee was therefore noted and it was agreed that the Finance Committee should consider this proposal at its next scheduled meeting in October and bring a proposal to the Board at its next meeting.

8.5 Board members thanked the Chair for the comprehensive update and thereafter agreed to **homologate**:

- The appointment of Kate Lander as Chair of the Audit & Risk Committee (ARC);
- The appointment of Lorna Jack as Chair of the Finance Committee; and
- The appointment of Lorna Jack to the Remuneration & Nominations Committee.

9. Chief Executive's Report

9.1 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 publication of the College Student Outcomes report for the academic year 2023-24 was discussed. While the Board noted the positive outcomes, Board members also expressed concern about non-completion rates and encouraged ongoing focus on outcomes through the Outcomes Framework and Assurance Model (OFAM).

9.2 The rebalancing of responsibilities within the Executive Team was noted by Board members and the bringing together of funding policy for teaching, research and innovation and capital infrastructure into one Directorate was welcomed. Whilst the proposal to rename the Research and Innovation Directorate to reflect these wider responsibilities was noted, Board members encouraged the SFC Executive to ensure that the term research would continue to be appropriately represented in the new Directorate name.

10. SFC Risk Register and Assurance Map: Quarterly Review

10.1 The Board received and **discussed** the risk register and assurance map, presented by the Deputy Director Governance & Planning. Board members were reminded that the paper set out the risks according to SFC's revised approach to risk management, as approved by the ARC in February and Board in March.

10.2 It was noted that SFC continued to operate in a significantly challenging fiscal and economic environment and this was reflected in the application of residual risk scores and accompanying mitigating actions and narrative. *Discussion redacted.*

10.3 Board members were informed that [*discussion redacted*] the risk culture was being embedded in the organisation and directorates were actively discussing and identifying risks relevant to their areas of responsibility.

10.4 It was reported that members of the ARC had a positive and wide-ranging discussion about the risks facing SFC at their meeting earlier in the month. They had noted the need for the Board to consider its risk appetite again and for the ARC to provide assurance as appropriate. It was noted that risk appetite would be reviewed as part of the annual review of risk management which was planned to commence later in the year. Whilst the ARC did not highlight any particular risk which was operating outside of its identified appetite level, it was noted that the Committee was considering implementing a series of “deep dives” it wishes to undertake over the coming year.

10.5 *Discussion redacted.*

10.6 *Discussion reacted.*

10.7 It was noted that the Board would consider an item on enhancing institutional scrutiny later in the meeting and that this should allow SFC to provide better support to the sectors, and provide greater assurance to the SFC Board, Scottish Government and Ministers.

11. Post-School Education and Skills Reform Update

11.1 The Board received and **considered** the paper, presented by the Deputy Director, Strategic Change which provided an update on the Post-School Education and Skills Reform Programme and activities throughout the summer ahead of the Stage 1 debate.

11.2 It was reported that over the summer months, SFC colleagues had worked collaboratively with colleagues in Skills Development Scotland (SDS) and had, in partnership, developed a Project Plan to support the transfer of apprenticeship functions and associated staff from SDS to SFC. It was confirmed that the plan had been submitted to the Scottish Government in August and would be discussed at the Scottish Government led Project Board in early October.

11.3 Board members were advised that a series of joint workshops with SDS and the Scottish Government had also taken place and SFC colleagues continued to deliver a comprehensive engagement programme with key stakeholders.

11.4 It was confirmed that SFC had robust internal governance structures in place which would support the delivery of reform and the recent appointment of a new Deputy Director of Strategic Change would enable more programme management to be put in place.

-
- 11.5 Board members were informed that the Executive had been considering how the Board could be more engaged with the reform programme. The invitation for up to two Board members to join the internal Reform Programme Board (RPB) was extended and it was agreed that reporting from the RPB would be captured within the 'Reform' standing item on future Board agendas.
- 11.6 Board members welcomed the positive progress which had been made in a short period and commended the SFC Executive for securing additional funds from the Scottish Government for the provision of additional expert TUPE and pensions advice.
- 11.7 It was noted that Stage 1 of the Bill was due to be considered in Parliament later in the day. Board members were informed that they would be advised of the outcome of the debate as soon as possible. It was noted that SFC officers had reflected closely on the outcomes of the Stage 1 Report and had worked with SG officials to refine advice to questions asked by the committee ahead of the Stage 1 Debate.

ACTION: Update from Reform Programme Board (RPB) to be added as standing item to future Board agendas

**Deputy Director,
Governance &
Planning.**

ACTION: Appointment of Board members to Reform Programme Board (RPB) to be confirmed.

**Deputy Director,
Strategic Change.**

12.SFC Annual Report and Accounts to 31 March 2025

- 12.1 The Chair welcomed Ms Singh to the meeting and the Board received and **considered** the latest version of SFC's Annual Report and Accounts (ARA). It was reported that the audit production of the ARA had been a cross-directorate effort, with contributions from across the organisation
- 12.2 The Acting Director, Finance thanked Forvis Mazars for the audit work undertaken. It was reported that the audit had been challenging, but external audit had adopted a collaborative approach to its completion. The Acting Director, Finance also commended the work of her team, noting that they had completed the work with great professionalism and integrity.
- 12.3 The Board was informed that the ARA was considered to be final other than for the disclosure of the Cash Equivalent Transfer Valuer (CETV) information in respect of the pension values for the senior management team. It was noted that the current version had been shared with key stakeholders, including the Finance Committee and ARC Audit and Risk Committee (ARC).

12.4 On behalf of the ARC, the ARC Chair expressed his thanks to all involved in the production of the ARA. It was agreed that the report was highly positive and it was agreed that the production of an audit report with no qualifications or significant matters arising was a considerable achievement. The high-quality work of both external audit and the SFC Finance team was noted and commended.

12.5 Ahead of finalisation of the ARA, it was suggested by the Board that recognition of the continued highly challenging situation in relation the financial health of colleges and universities should be captured within the section on key risks.

ACTION: The ongoing challenges to institutions' financial health to be referenced within the key risks section of the ARA. **Acting Director, Finance.**

12.6 Thereafter, the Board agreed to

- **Delegate** final approval of the ARA to the Chair of the Board once pension disclosures were finalised ; and
- **Approved** the Letter of Representation to be signed by the Chief Executive.

13.Audit & Risk Committee Annual Report

13.1 The Board received and **approved** the Annual Report from the ARC. It was confirmed that the Committee had been fully effective in its oversight of audit and risk activity throughout the year.

14.Delivering Value through SFC Knowledge and Innovation

14.1 The Board received and **discussed** the paper which set out how SFC was contributing to the Scottish Government's "Innovation Week" and how the value of SFC's investment in university research and innovation was articulated more broadly.

14.2 Board members were reminded that the University Innovation Fund (UIF) had been replaced with the Knowledge, Exchange and Innovation Fund (KEIF) in August 2024 and a key component of KEIF was the request for institutions to develop five year KEIF strategies which outline institutional priorities for knowledge, exchange and innovation (KEI) activity and to demonstrate alignment to national priorities.

14.3 The positive impact of Innovation Centres (ICs) was noted, and it was observed that the new approach of renewed emphasis on integrating and extending IC relationships with universities and colleges was making a difference.

14.4 SFC's approach to supporting Scottish Government policy and strategy development was also noted and discussed. It was noted that SFC was increasingly playing an influencing role and was able to improve opportunities for KEI activity as they arose.

14.5 Board members welcomed the positive update and commended the Director of Research & Innovation and her team for the significant volume of work undertaken. IT WAS AGREED THAT THE WORK DELIVERED HAD DELIVERED SIGNIFICANT IMPACT AND THE VALUE HAD BEEN EFFECTIVELY COMMUNICATED. THE IMPORTANCE OF ENSURING Scottish Government officials understood the value gained from research, and SFC's role in supporting it was emphasised.

15.SFC Approach to Consultations

15.1 The Board received and **considered** the paper which set out the different types of consultation papers to which SFC is invited to respond and sought Board approval for SFC's approach in responding.

15.2 It was noted that the proposed approach would bring greater discipline and where appropriate, Board member involvement would be sought outwith the main cycle of formal Board meetings in order to meet stringent response deadlines.

15.3 Board members welcomed the paper and agreed that the approach outlined was considered to be proportionate and pragmatic. As set out in the paper, the Board **agreed** to delegate authority to the Chair to determine which consultation responses required formal input from the Board.

16.Reports from Committees

RESEARCH AND KNOWLEDGE EXCHANGE COMMITTEE (RKEC)

16.1 RKEC last met on 10 September and received and discussed *inter alia*:

- REF: The Committee discussed the pause in the criteria setting and publication of the final guidance for REF 2029. It was confirmed that the funding bodies would use this opportunity to take stock, ensure alignment with government priorities and reflect on feedback from the sector. Any changes to the exercise would be announced by December 2025.
- Alliances for Research Challenges (ARC): It was reported that the Committee received an update on the future of the ARC and advice was sought on the future of the programme.
- Innovation Centres (IC): the committee was joined by the Chief Executives of both BE-ST and IBioC. It was reported that the Committee had engaged in a wide-ranging discussion with ICs which included skills programmes, training, leveraging funding, funding cycles with particular recognition of the value and stability SFC investment brings.

-
- The Committee also paid tribute to Professor Yellowlees, noting her significant contributions to RKEC over her eight year tenure.

AUDIT & RISK COMMITTEE (ARC)

16.2 The ARC last met on 5 September and discussed and approved *inter alia*:

- External Members: It was reported that following a comprehensive and competitive recruitment exercise, two new external members had been appointed to the Committee. The Chair expressed his thanks to everyone involved in the recruitment process and acknowledged that the Committee would benefit greatly from the new members' combined skills and experience.
- Draft Annual Report and Accounts: the Committee received and scrutinised the draft Annual Report and Accounts and recommended them to the Board for approval.
- Risk: the Committee had held a long and comprehensive discussion about risk, the content of which had been reflected in the Board's earlier consideration of risk. ARC members had considered the "not if, but when" factor in relation to cybersecurity and discussed SFC's preparedness for an attack.
- The ARC had received a review undertaken by internal audit on the new Outcomes Framework and Assurance Model (OFAM). Further updates would be provided to the ARC at future meetings.
- The ARC received the regular external and internal audit tracking report and were very satisfied with the progress made since the last ARC meeting.

FINANCE COMMITTEE

16.3 The Finance Committee last met on 17 September and discussed *inter alia*:

- The College Transformation Fund: the Committee agreed to recommend the applications to the Board for approval following close scrutiny.
- University of Dundee: the Committee was updated on the latest development and had sought clarity on the revised plan for longer-term financial support.
- Financial Health of the College Sector and Financial Health of the University Sector: The Committee explored options for supporting the sector, including being clear with government about the likely impact of funding challenges going forward.
- Enhancing Institutional Scrutiny: The Committee considered and approved the approach ahead of its presentation at the Board.
- SIIF investments over £1m: The Committee scrutinised the investments and recommended the proposals to the Board for approval.

Remuneration and Nominations Committee (RNC)

15.4 The RNC last met 17 September and discussed *inter alia*:

- RNC remit and self-effectiveness review: the Committee considered its remit with a view to making changes to this.

-
- Reform: The Deputy Director Strategic Change attended the meeting to deliver a presentation on the people-aspects of reform, which Committee members welcomed.
 - People Metrics: The Committee was presented with a simple dashboard of people metrics including trends, alongside relevant risk and people strategy updates.

17. High Engagement Institutions

17.1 The Board received and **discussed** the update, provided by the Director Access, Learning & Outcomes. It was confirmed that the presentation had been considered in significant detail by the Finance Committee earlier in the month. The new format of the presentation was highlighted and the links between the Outcomes Framework and Assurance Model (OFAM) were clarified. Engagement level changes and key themes were also discussed.

17.2 Board members welcomed the update but noted the need to reconcile the governance and financial sustainability quadrants, recognising the close relationship between the two. It was confirmed that SFC officers were working to build up an appropriate evidence base on governance through the continued implementation of the OFAM. In addition, further analysis and interrogation of data would enable SFC to strengthen the case to Scottish Government for increased investment in the sectors.

17.3 *Discussion redacted.*

ACTION: SFC Executive to consider how the relationship between **Director Access, Learning & Outcomes** finance and governance can be appropriately represented in the report.

17.4 *Discussion redacted.* It was confirmed that outcomes from the OFAM were shared with Scottish Government officials through a regular programme of engagement. Board members emphasised the need to ensure that the report was shared with all key stakeholders at the same time, to ensure consistency of information sharing.

17.5 Board members welcomed the update, the data provided and the notable improvement made to the content and structure of the report.

18. Item Redacted

18.1 *Discussion redacted.*

18.2 *Discussion redacted.*

18.3 *Discussion redacted.*

18.4 *Discussion redacted.*

19. University of Dundee: Update

19.1 The Board received and **discussed** the paper, presented by the Director Dundee Recovery Team which updated the Board on progress in providing liquidity funding of £12m to the University of Dundee. It was noted that the paper set out the current timeline for bringing the issue to the Finance Committee and subsequently, the Board, for approval.

19.2 *Discussion redacted.*

19.3 It was reported that a series of workshops had taken place, involving senior leaders from the University and representatives from SFC and the Scottish Government, throughout September and that these had been constructive and had included vital discussions around engagement with staff and students, liquidity requirements, key steps in the governance process and the steps the University is taking to ensure greater permanency on its Court.

19.4 It was reported that there had been a positive shift in the University's financial position and that recent progress had been encouraging. It was confirmed that the University's immediate liquidity needs could be met by reprofiling their monthly drawn down of the teaching grant.

19.5 Board members were reminded that the Section 25 (S25) process contained within SFC's founding legislation enabled the Minister to give SFC direction about the provision of financial support. It was confirmed that Board members had agreed that stringent conditions should be applied to the S25 funding and that a further extraordinary meeting of the Board would therefore be required to approve the terms and conditions attached to the s25 funding.

20. Principles and Approach to Funding AY 2026-27

20.1 The Board received and **discussed** the paper, which set out the proposed principles which should be followed in allocating college and university funding for the academic year (AY) 2026-27. It was noted that the principles had been considered in detail by the Finance Committee in September and the proposals were brought to the Board on the Committee's recommendation.

20.2 The requirement to link with the OFAM was noted and it was confirmed that the principles set out complied with the Letter of Guidance received from Minister Dey. It was noted that key aspects of the OFAM were highlighted in the principles for AY 2026-27 and the Finance Committee had been highly supportive of this approach.

20.3 The proposal to prepare indicative allocations based on a number of different scenarios was noted and welcomed. It was agreed that this would enable institutions to have early indication of their potential allocations, providing greater clarity over funding in an increasingly challenging fiscal environment.

20.4 Board members welcomed and approved the proposals and the suggested direction of travel. Thereafter, the Board:

- **Approved** the proposed principles for funding allocations for AY 2026-27 and
- **Approved** the proposed approach to scenario planning for the funding allocations for AY 2026-27.

21. Strategic Infrastructure Investment Fund (SIIF)

(A) COLLEGE TRANSFORMATION FRAMEWORK

21.1 The Board received and **discussed** the paper which set out proposals regarding the credit funding variations being requested by two colleges that had applied to the College Transformation Framework (CTF). It was confirmed that the proposals contained within the paper had been subject to scrutiny by the Finance Committee earlier in the month and were brought to the Board on the Committee's recommendation.

21.2 Board members were reminded that the CTF had been established to allow individual college's credit thresholds to be flexed for a fixed period. It was confirmed that a positive response had been received in relation to the CTF following a request for expressions of interest and the SFC Executive was proposing to take forward two proposals during the AY 2025-26.

21.3 It was noted that the Finance Committee had considered the two recommendations in detail and had made a number of recommendations in relation to both the paper presented to the Board and the broader CTF. It was confirmed that SFC officers would be engaging frequently with both colleges over the coming months to understand how their respective transformation plans and programmes were progressing.

21.4 The Board welcomed the update and took assurance from the analysis undertaken by the Finance Committee. Thereafter the Board **approved** the credit funding variations requested by the colleges.

(B) COLLEGE INFRASTRUCTURE INVESTMENT PLAN (CIIP)

21.5 The Board received and **discussed** the paper which sought approval for £1.5 million to complete Phase 2 of the College Infrastructure Strategy (CIS). It was noted that the Finance

Committee had considered this proposal at its meeting on 17 September and it was being brought to the Board on their recommendation.

21.6 Board members were reminded that the College IIP would identify the estimated infrastructure investment needed for the college sector, including investment into net zero and digital infrastructure needed for a sustainable college infrastructure. It was confirmed that the work was supported by the college sector through the Tripartite Alignment Group, Ministers and Special Advisors.

21.7 Board members **noted** the update and **approved** £1.5m funding for the continued development and completion of the College Infrastructure Investment Plan (CIIP).

(C) ITEM REDACTED

21.8 *Discussion redacted.*

21.9 *Discussion redacted.*

21.10 *Discussion redacted.*

21.11 *Discussion redacted.*

22.Key Performance Indicators

22.1 The Board received and **considered** the paper which set out the first dashboard of agreed KPIs. Board members were reminded that the dashboard was a combination of internal and external measures. It was confirmed that the dashboard included trend information where possible. Board members welcomed the dashboard and commended the Senior Data Analyst on the work which had been undertaken to develop this. It was agreed that a separate meeting for a deep dive into the KPIs would be arranged.

ACTION: Date for deep dive into KPIs to be identified and arranged.

**Senior Governance
Officer (Board
Clerk)**

23.Indicative Timetable and Approach to New SFC Strategic Plan

23.1 The Board received and **considered** the paper which set out the indicative timetable and approach to SFC's new strategic plan. It was confirmed that the Board Strategy Event this year would be held at Edinburgh College.

24. Any other Business- Valedictions

24.1 The Chair noted that Mr Alexander, Ms Harrington and Professor Yellowlees were due to demit office on 2 October 2025 and took the opportunity to thank them individually for their respective contributions to SFC.

24.2 It was noted that Professor Yellowlees had held the role of Chair of RKEC since her appointment in 2017 and during her tenure as Chair, had variously overseen the review and relaunch of the Innovation Centre (ICs) programme, the launch of the Alliances for Research Challenges (ARCs) and SFC's lead role in two rounds of the Research Excellence Framework (REF). Professor Yellowlees' role as a fierce advocate for SFC and its role in driving forward research, knowledge exchange, policy and funding issues was noted and it was confirmed that SFC staff had very much valued Professor Yellowlees as a Chair given her adeptness in dealing with complex issues and her genuine interest in people.

24.3 It was noted that Ms Harrington had served on a number of committees of the Board since her initial appointment in 2017. Ms Harrington's involvement in a number of working groups such as Pathfinders and the National Schools Programme (NSP) was also noted with thanks. The Chair acknowledged that Ms Harrington's experience in tertiary education had been deeply valued and she had brought a unique insight to the work of the Board.

24.4 The Chair noted that Mr Alexander's commitment to SFC combined with his experience across tertiary education, governance and English education policy had been of enormous benefit to the Board. It was agreed that Mr Alexander had provided unwavering support to the Audit & Risk Committee over his eight years as Chair. His rigorous approach to risk management was key to the development of the new framework and his constructive, supportive challenges helped to provide valuable assurance to the Board.

25. Use of Delegated Authority

24.1 The Board **noted** the use of Delegated Authority.

26. Best Value: Annual Report

25.1 The Board **noted** the report.

27. SFC Board Long Term Agenda

27.1 The Board **noted** the long term agenda.

28. Remuneration & Nominations Committee: Minute of the meeting held 13 May 2025

27.1 The minute of the meeting held 13 May 2025 was **noted** by the Board.

29. Research and Knowledge Exchange Committee: Minute of the meeting held 4 June 2025

28.1 The minute of the meeting held 4 June 2025 was **noted** by the Board.

30. Audit & Risk Committee: Minute of the meeting held 13 June 2025

29.1 The minute of the meeting held 13 June 2025 was **noted** by the Board.

31. Finance Committee: Minute of the meeting held 29 May 2025

31.1 The minute of the meeting held 29 May 2025 was **noted by** the Board.

32. Dates of Future Meetings

Thursday 20 and Friday 21 November 2025 (Board Strategy Event)

Thursday 11 December 2025

Thursday 12 February 2026

Thursday 19 March 2026

Thursday 14 May 2026

Thursday 25 June 2026

Thursday 24 September 2026

Wednesday 18 and Thursday 19 November 2026 (Board Strategy Event)

Thursday 10 December 2026