

OFFICIAL SENSITIVE COMMERCIAL

SFC Board Meeting

The 159th meeting of the Scottish Funding Council was held on Thursday 12 February 2026 from 0945am, in the Boardroom, Apex 1, 97 Haymarket Terrace, Edinburgh and via *Teams*

Present: Professor Cara Aitchison (Chair) : Lorna Jack (Deputy Chair) ; Francesca Osowska (Chief Executive); Dr Richard Armour (via *Teams*); Joanna Campbell; Danny Gallacher; Professor Ewart Keep; Professor Elizabeth Gammie; Steven Grier; Linda Hanna; Andy Kerr; Kate Lander (via *Teams*); Professor Sir Peter Mathieson (via *Teams*); Professor Irene McAra McWilliam; Alison Nicolson (via *Teams*); Professor Sue Rigby

Apologies: Dame Jessica Corner (Observer); James Owen (Observer); Sai Shraddah Suresh Viswanathan (Observer).

Observers: Dr Rory Stride

In attendance: Martin Boyle (Chief Operating Officer); Dr Jacqui Brasted (Director, Access, Learning and Outcomes); Richard Maconachie (Director, Dundee Recovery Team); Helen Cross (Director, Research & Investment); Tiffany Ritchie (Acting Director of Finance); Lynne Raeside (Deputy Director, External Affairs & Policy); Louisa Baker (Deputy Director Governance & Planning); Teresa Ironside (Deputy Director, Strategic Change) (*item x#7 only*); Gordon Craig (Deputy Director Tertiary Education Funding (*item #9 only*); Minister Ben Macpherson (*item #2 only*); Neil Rennick (Director General , Education and Justice) (*items #2 to #11 only*); Shirley Laing (Deputy Director Lifelong Learning and Skills) (*item #2 to #11 only*); Gillian Phillips (Senior Governance Officer) (Clerk).

1. Private Session of the Board

1.1 A private session of the Board took place which was attended by Board members and the Board Clerk.

2. Scottish Government Ministerial Priorities

2.1 The Chair welcomed Minister Macpherson, Mr Rennick and Ms Laing to the meeting and underscored the Board's commitment to supporting transformation across both sectors and SFC's wider ambition for the future in terms of post-16 education and training. It was agreed that funding for all provision in one single body would enable greater transparency, responsiveness and efficiencies and the implementation of new responsibilities aligned well with the reshaping of SFC's strategic ambitions for the future.

2.2 Three key areas of strategic priority were discussed with the Minister:

- 2026-27 Budget.
- Tertiary Education and Training (TET) Bill implementation.
- Letter of Guidance.

2.3 On behalf of the Board, the Chair expressed her thanks to Scottish Government officials for their strong support for the college and university sectors through this year's budget process and confirmed that achieving an above inflation uplift for both sectors would enable the SFC Board to consider a range of options for the 2026-27 academic year, balancing the need for stabilisation alongside a commitment to transformation.

2.4 It was confirmed that SFC is working at pace with Skills Development Scotland (SDS) to manage the transition of the apprenticeship programme to SFC and was continuing to work collaboratively through the Joint Governance Group. The Minister emphasised the benefits of the new funding system, noting that it would bring increased cohesiveness, agility and responsiveness and that the structural changes and processes planned would position both SFC and the Scottish Government in a stronger position for future skills planning.

2.5 It was confirmed that the Scottish Government would formally publish its strategy for skills planning in due course. The need for the strategy to align with college infrastructure investment was highlighted.

2.6 In closing, the Minister expressed his thanks to the Chair, Chief Executive and wider SFC teams for the commitment, expertise and diligence which had been demonstrated over the last 12 months. It was confirmed that the contribution and impact of SFC had been recognised and Scottish Government officials and SFC colleagues were working

constructively and collaboratively on a number of key strategic issues. Board members were informed that the Letter of Guidance would be issued imminently, and the Chair emphasised the Board's commitment to the Minister's full agenda.

3. Chair's Business

3.1 The Chair welcomed all present and the relevant apologies were **noted**. The Chair noted her considerable sadness of the news of former SFC Board member, Professor John Wallace's passing on 11 January following a period of ill health. The Chair paid tribute to Professor Wallace and noted that he was recognised as a thoughtful and pragmatic Board member, and extraordinarily talented musician, educator and scholar. His contribution to music and the education sector more broadly, was agreed to be immense. Board members endorsed the warm sentiments and noted their own condolences to Professor Wallace's family and friends.

3.2 The Chair congratulated Professor Rigby on her Commander of the British Empire (CBE) award in the King's New Year Honours, noting that this was in valid recognition of her leadership in education policy and significant contributions in shaping the world of higher education. Board members echoed the Chair's note of congratulations.

4. Declarations of Interest

4.1 The declarations of interest were **noted**. The Chair advised that since the last meeting of the Board, Danny Gallacher had been appointed to the Board of SDS, Kate Lander had been appointed to the Board of Scottish Environment Protection Agency (SEPA) and Lorna Jack would very shortly be taking up the role of Trustee at Pitlochry Festival Theatre. Mr Gallacher, Ms Lander and Ms Jack were all congratulated on their respective new appointments and it was confirmed that their recorded interests had been updated accordingly.

4.2 Board members were reminded that the Standards Commission Scotland (SCS) had granted dispensation last year which allowed Board members with a particular registerable interest to remain in the discussion and decision-making process provided that the relevant interest had been declared. In light of the agenda items to be discussed, the Chair impressed that SFC's approved Code of Conduct required Board members to act in the best interests of SFC, but that Board members could choose to leave the meeting for a particular agenda item should they feel that this was necessary and appropriate.

5. Minute of the meeting held 11 December 2025 and Board Action Log

5.1 Subject to a minor amendment, the minute of the meeting held 11 December 2025 was **approved** as an accurate record.

5.2 The Board received and approved the Board action log, and it was agreed that actions marked as complete would be removed from the log.

6. Chair's Report and Chief Executive's Report

6.1 The Board received and considered the Chair and 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 an update on post-school education and skills reform, noting that programme and project work with regards to Reform Readiness was progressing and a jointly developed governance structure with SDS was now in place.

6.2 The Board considered the recent publication of the QAA report on the University of Glasgow, which had generated significant media attention. It was noted that the report had identified areas for development and weaknesses, noting that action was required to ensure the recommendations outlined in the report were implemented as a matter of urgency. Board members were informed that having considered the report, the serious nature of the findings and the circumstances leading to its submission, the SFC Executive had concluded that it would be necessary to gain assurance that the matters identified at one institution were not replicated elsewhere and had therefore commissioned a national review, to be led by QAA.

6.3 The Board agreed that the findings of the QAA report were concerning. It was confirmed that the national review was being undertaken as a thematic review under the Outcomes Framework and Assurance Model (OFAM) and both the framework and its components had been approved by the Board. It was confirmed that the national review was intended to provide additional assurance that SFC is delivering against its statutory responsibilities.

6.4 It was confirmed that the national review had been carefully considered and SFC had taken expert advice from QAA and had engaged with key stakeholders as it had been developed. It was confirmed that the outcome of the review was intended to be proportionate and appropriate and would afford institutions the opportunity to

demonstrate that they were confident in their processes, standards were safeguarded and good practice in the management of assessment processes and student communications were identified.

6.5 Board members welcomed the assurance provided and it was agreed that an update on the national review would be provided to the Board in due course.

6.6 The programme of deep dives contained within the Chair's report was welcomed and noted and it was confirmed that a number of "Horizon Scanning" sessions would be scheduled to take place over the next 12 months.

7. Transformation

7.1 The Board received and considered the paper which provided an update on transformation at SFC, including an update on the Scottish Government Post-School Education and Skills Reform Programme and next steps in the development of SFC's strategic plan.

7.2 It was noted that following the passing of the Tertiary Education and Training (TET) Bill in January, SFC had entered a period of significant transformation and the new duties combined with the challenging fiscal environment meant that the organisation needs to transform into a redesigned organisation to deliver new strategic objectives.

7.3 It was confirmed that a Communications and Engagement Plan to support development of SFC's new strategy had been presented to the internal Reform Programme Board (RPB) in January. Board members were informed that the Communication and Engagement Plan would seek to secure buy-in from both internal and external stakeholders, including colleagues in SDS. Following discussion, it was **agreed** that the Communication and Engagement Plan would be shared with the Board.

ACTION: Communication and Engagement Plan to be shared with Board

**Deputy Director,
External Affairs
and Policy**

7.4 Board members were informed that in order to deliver the objectives of the new Strategic Plan, a new Target Operating Model for the redesigned organisation would be developed by the Executive Team and this would determine where investment in

people, systems and processes would be channelled to deliver the organisation's objectives.

7.5 It was reported that phase one of the target operating model discussions included the development of a Day 1 Operating Model, to ensure a smooth transition. It was confirmed that further details would be brought to the next Board meeting in March. Board members were reminded that a deep dive with a focus on the transformation programme and work relating to the Target Operating Model would take place in early summer.

7.6 Board members considered and discussed the draft vision for SFC. It was agreed that this would be circulated to Board members for comment to enable changes to be made and further engagement with staff to continue.

ACTION: Draft vision to be circulated to Board for final comment

**Deputy Director,
Governance &
Planning**

8. Draft Scottish Government Budget FY 2026-27

8.1 The Board received and considered the paper which set out the draft Scottish Government Draft Budget for FY 2026-27 and consequent funds available for the academic year 2026-27.

8.2 The Board noted the positive settlement for both universities and colleges as part of the 2026-27 Scottish Government draft budget and the Acting Director of Finance commended all those who had been involved in the preparatory work leading up to 13 January. It was reported that the SFC Executive had been open and honest about where investment was needed and the settlement was considered to be vital to driving stabilisation and fundamental change across the tertiary sector.

8.3 The Acting Director of Finance also expressed her thanks to Scottish Government officials and it was agreed that work undertaken over the last 12 months would place SFC in good stead. The Deputy Director Lifelong Learning and Skills expressed her gratitude to SFC colleagues for the strong working relationship which had been developed, observing that it was supportive and constructive.

8.4 It was reported that SFC colleagues were working closely with institutions in advance of allocations being developed and issued. *Minute redacted.*

8.5 The Board was informed that Finance was refreshing its presentation of SFC funding, using a three-tiered approach. The intention is that this would clarify SFC central functions, comparable with other public bodies (including SDS), and programme activity supporting transformation in the sector. It was suggested that this approach would align with SFC's ambition to be a strategic influencer. This development was welcomed by the Board, and it was clarified that the approach would be set out in greater detail at the February Finance Committee meeting.

9. Funding Allocations AY 2026-27

9.1 The Board received and considered the paper which set out the proposed approach to funding allocations for AY 2026-27 following the announcement of the Scottish Government's draft budget and consideration by the Finance Committee. It was confirmed that the proposed approach to funding allocations for AY 2026-27 would *inter alia*:

- Focus on enhancing the unit of resource.
- Focus on maintaining current activity levels.

9.2 Board members were reminded that for AY 2025-26 significant mitigations had been put into place to mitigate the impact of changes to the funding model for colleges. In light of the positive settlement, it was suggested that there was sufficient scope to unwind these mitigations during 2026-27. It was confirmed that the Finance Committee was content with this approach and welcomed the work the SFC Executive had undertaken to engage directly with colleges which were anticipated to see a lower uplift of funds. Board members were advised that the approach to embed additional elements (pay pension and NI) had been broadly welcomed by the sector.

9.3 *Minute Redacted.*

9.4 The Deputy Director, Tertiary Education confirmed that the Early Statistics Data for AY 2025-26 were showing an improved picture in terms of delivery of non-controlled funded places. *Minute redacted.*

9.5 Board members were reminded of the University Transformation Framework (UTF) which had been established as part of the 2023-24 recovery process. *Minute redacted.* It was suggested that a similar approach for 2024-25 recovery could be adopted, but SFC was committed to engage with Universities Scotland on the overarching approach to recovery.

9.6 It was noted that further work on response to demand was proposed to be undertaken with both sectors and that a Board deep dive on demand, in relation to the Scottish Government's emerging skills strategy, the skills needs for the future Scottish economy, and the role of the re-designed organisation was planned for later in the calendar year.

9.7 Thereafter, the Board **approved** the approach to funding outlined.

10. High Engagement Institutions

10.1 The Board received and considered the update on high engagement institutions. It was reported that the paper had been reframed following feedback from the Board and that the update covered the month of January so did not take into account the positive funding settlement.

10.2 The changes to engagement levels were outlined and the Board welcomed the succinct nature of the paper and the helpful overview of key issues impacting the sector. The resourcing implications associated with high engagement were noted. The Board was assured that the implementation of an enhanced institutional scrutiny model would enable more discursive engagement with institutions, enabling SFC officers to identify systemic issues.

11. Future Funding: Royal Society of Edinburgh

11.1 *Minute redacted*

11.2 *Minute redacted.*

11.3 *Minute redacted.*

11.4 Following discussion, the Board agreed to support the funding proposal as set out for 2026-27, and that conditions attached to the funding would make specific reference to

the continued financial diversification of the organisation, evaluation and impact and development and enhancement of the policy portfolio.

12. Performance Report

12.1 The Board received and considered the report which set out progress towards SFC's priorities as outlined in Strategic and Delivery Plans. Board members were informed that the Performance Report brought together quarterly outputs from the Delivery Plan, KPIs, risk report, management accounts and people metrics. It was reported that the Performance Report would continue to develop and evolve based on comments and feedback from the Board and further improvements would be made.

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

12.3 Members of the Finance Committee reported that they had agreed to escalate a people risk to the Audit & Risk Committee (ARC) Chair, with the recognition that staff were under significant pressure and workloads continued to be challenging. It was confirmed that the Remuneration & Nominations Committee (RNC) had also discussed this risk at length and recommended the use of Pulse Surveys to gather timely insights into employee experiences and sentiments.

13. Annual Review of Risk Management Framework: Risk Appetite and Tolerance

13.1 The Board received and considered the paper which provided proposals to enhance the Risk Management Framework, including reviewing and agreeing the risk appetite and tolerance level for each strategic risk.

13.2 It was confirmed that changes proposed were considered to be relatively minor given the significant amendments which had been applied to the Framework last year. The Board was informed that the framework was working well and colleagues were engaged with the process.

13.3 The results from the recent exercise in relation to risk appetite and tolerance were set out to the Board. *Minute redacted.*

13.4 Board members welcomed the exercise which has been undertaken and following discussion, it was agreed:

- *Minute redacted.*
- *Minute redacted.*
- All other proposed risk appetite and tolerances for all other strategic risks were approved.

13.5 It was agreed that the risk appetites and tolerances of the strategic risks would be reviewed again following the approval of the new strategic plan.

14. Draft Revised Scheme of Delegation

14.1 The Board received and considered the paper which set out proposed revisions to the Scheme of Delegation (the “Scheme”). It was confirmed that the changes set out would support the Board to focus on its strategic priorities and major matters of substance and in developing the changes, the Executive Team had considered *inter alia* principles of good governance, the Board’s strategic priorities, the 2005 Act and the Framework Document between the SFC and Scottish Government. Board members were advised that given the significant changes to SFC’s operating environment since 2020 and in order to respond to recommendations contained within the recent external Board Effectiveness Review, a refresh of the Scheme was considered necessary. Board members were informed that the Finance Committee had been consulted in relation to the financial delegations in the Scheme.

14.2 Board members were informed that changes to the Scheme included the identification of reserved matters for the Board, the delegation of funding allocations to the Chief Executive Officer and a risk-based approach to financial delegations. It was confirmed that the financial delegation limits identified were reflective of increases to Scottish Government approval thresholds and the wider proposals set out supported the principle of effective delegation and decision-making.

14.3 Board members broadly welcomed the changes set out and endorsed the proposal for increased delegation to the Chief Executive. It was agreed that this would empower SFC colleagues to action key investment decisions at pace. It was confirmed, as set out in the Scheme that it would be the responsibility of the Chief Executive to alert the Board to any matter, regardless of financial value or delivery concerns with significant potential

reputational or financial implications or which could be considered novel, contentious or repercussive and/ or impact the delivery of SFC's strategic objectives.

14.4 Subject to minor changes, the Board thereafter, **approved** the proposed revisions to the Scheme of Delegation.

15. Review of SFC Committees

15.1 *Minute redacted.*

15.2 *Minute redacted.*

15.3 *Minute redacted.*

15.4 *Minute redacted.*

16. Any Other Business

16.1 In response to a query regarding the duration of Board meetings, it was confirmed that the SFC Executive were working hard to ensure the Board was sighted on high level strategic items of business. It was observed that agreements made around the Scheme of Delegation would help to shorten the length and frequency of Board meetings.

16.2 Board members were reminded that the next meeting of the Board would take place at the University of Stirling and arrangements for the meeting would be shared by the Board Clerk in due course.

17. Date of next meeting

Thursday 19 March 2026 from 10am at the University of Stirling