

## OFFICIAL SENSITIVE COMMERCIAL

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## SFC Board Meeting

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The 161<sup>st</sup> meeting of the Scottish Funding Council was held on Thursday 14 May 2026 at SDS Offices, Monteith House, 11 George Square, Glasgow, G2 1DY

**PRESENT:** Professor Cara Aitchison (Chair); Lorna Jack (Deputy Chair); Francesca Osowska (Chief Executive); Dr Richard Armour; Joanna Campbell; Danny Gallacher; Professor Ewart Keep; Steven Grier; Andy Kerr; Kate Lander; Professor Irene McAra McWilliam; Alison Nicolson; Professor Sue Rigby

**APOLOGIES:** Linda Hanna; Professor Sir Peter Mathieson; Dr Jacqui Brasted; Dame Jessica Corner (Observer); James Owen (Observer); Sai Shraddah Suresh Viswanathan (Observer); Rory Stride (Observer).

**IN ATTENDANCE:** Martin Boyle (Chief Operating Officer); Richard Maconachie (Director, Institutional Performance); Helen Cross (Director, Investment & Research); Tiffany Ritchie (Acting Director of Finance); Lynne Raeside (Interim Co-Director of Corporate Services); Steve McDonald (Interim Co-Director of Corporate Services); Louisa Baker (Deputy Director Governance & Planning) (Board Secretary); Teresa Ironside (Deputy Director Strategic Change) (*item #5 only*); Ryan Bell (Deputy Director People & Transformation (*items #5 and #15 only*)); Gordon Craig (Deputy Director Tertiary Education Funding (*items #7 to #9 only*)); Diane Greenlees (Director of National Training Programmes) (*item #5 only*); Fiona O'Neill (Assistant Director, Institutional Financial Health & Governance) (*item #11 only*); Professor Emerita Andrea Nolan (*item #1 only*); Neil Rennick (*item #1 only*); Claire McPherson (*item #1 only*); Gillian Phillips (Senior Governance Officer) (Board Clerk).

### 1. Future Framework for Scotland's Universities

1.1 The Chair welcomed Professor Nolan, Mr Rennick and Ms McPherson to the meeting and thanked them for taking the time to meet with the Board to outline the scope of the work of the Framework. Its aim is to secure the sustainability and success of Scotland's universities for the next 20 years, by undertaking the first ever holistic review of university funding since devolution. The Future Framework was

confirmed as a joint initiative between the Scottish Government (SG) and Universities Scotland (US) and the Steering Group, led jointly by Mr Rennick and Professor Nolan, was planning to present a series of scenarios to Parliament by the end of the calendar year.

- 1.2 The background to the Framework was set out and the timescales towards launch were outlined. The four pillars associated with the work were also highlighted and the Board was informed that the Framework Steering Group was currently focused on securing evidence on which potential scenarios could be based. It was noted that SFC team members were represented on pillars 1A and 1B and were awaiting details of Pillars 2 and 3 at which time membership would be considered.
- 1.3 The Board was informed of the work being undertaken to gather information, which included mapping income, understanding costs and quantifying funding gaps for teaching, research, innovation, knowledge exchange and infrastructure in addition to assessing the sector's current contribution. The key themes emerging from the evidence gathering were then set out to Board members, in addition to the identification of a number of cross cutting issues.
- 1.4 The Co-Convenors of the Steering Group confirmed that the purpose of the work would be to shape government policy and to stimulate sector priorities. It was noted that a similar piece of work was presently being undertaken in the college sector and both steering groups were working closely together to ensure that their priorities and recommendations were appropriately aligned.
- 1.5 A discussion on the work of the Framework followed and it was confirmed that a rhythm of engagement and participation across the working groups had been agreed to enable SFC to input into the work of the Framework's Steering Group.
- 1.6 On behalf of the Board, the Chair expressed her thanks to Mr Rennick, Professor Nolan and Ms McPherson for their attendance and it was agreed that they would attend a future meeting of the Board to provide a further update on the work and emerging scenarios.

## 2. General Business

- 2.1 The Chair extended a welcome to both Ms Raeside and Mr McDonald, both of whom were attending the Board meeting in their new capacities of joint Interim Co-Directors of Corporate Services. The Chair congratulated Ms Raeside and Mr McDonald on their new roles, noting that this placed SFC in a strong position in terms of its leadership. Board members warmly endorsed these sentiments.
- 2.2 The Chair also welcomed Ms Drysdale to the meeting, whom it was noted, was attending the meeting in place of Dr Brasted.
- 2.3 The Board was informed that Diane Greenlees, Director of National Training Programmes, would be joining the Board for the standing discussion around Transformation. The Chair recorded her thanks to SDS colleagues for agreeing to host the Board for the meeting and it was noted that Board members would have an opportunity to meet with SDS senior leaders later in the day.

## 3. Declarations of Interest

- 3.1 The declarations of interest were noted. Whilst no new interests were declared, Board members were informed that it was the intention of Professor McAra McWilliam to leave the meeting whilst agenda item # 10 (*High Engagement Institutions*) was discussed.
- 3.2 The interests of Professor Rigby and Mr Boyle (in his capacity as incoming Director of Strategy, Governance & Engagement at Scotland's Rural College (SRUC)) were also noted in relation to agenda item #8 (*University Transformation Framework: Initial Assessment of Bids*). Ms Campbell also noted an interest in relation to agenda item #9 (*Tackling Child Poverty Funding*). Board members were reminded of the dispensation granted by the Standards Commission Scotland (SCS) in April 2025 which enables conflicted Board members to take part in discussions and decision making which could affect institutions and that SFC's approved Code of Conduct required them to act in the best interests of SFC when acting as a Board member.

#### 4. Minute of the meeting held 19 March 2026 and Board Action Log

- 4.1 Subject to a minor amendment, the minute of the meeting held on 19 March was approved as an accurate record.
- 4.2 The Board received and noted the Board Action Log. It was confirmed that the two remaining actions on the log would be addressed later in the year when the organisation's strategic objectives and structure of SFC's Board committees would be more distinct.

#### 5. Chair's Report and Chief Executive's Report

- 5.1 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 Chair augmented the written report with comments around the forthcoming Board recruitment round, changes to the planned Strategy event in November and the successful appointment of two new external members to the Finance Committee.
- 5.2 With regards to Board recruitment, the Chair expressed her thanks to Ms Hanna and Mr Gallacher who had kindly agreed to participate in a promotional video to attract and encourage candidates to apply for the Board member vacancies. Board members were informed that the roles would be advertised in late May/early June, with interviews planned to be held in early July. 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.
- 5.3 The Chief Executive reported that she had led two sessions with SDS colleagues since the last meeting of the Board, as part of the ongoing programme of transformation. It was confirmed that both sessions were positively received and there was a real sense of enthusiasm for the changes which lay ahead.
- 5.4 It was confirmed that the new Finance Business Partnering model was being rolled out and this would support SFC's commitment to enhanced scrutiny of institutions. Board members were informed that work on the recruitment of temporary posts that would support the delivery of Reform was continuing.

- 5.5 It was reported that the Executive Team was continuing to engage closely with the Scottish Government (SG) on its skills planning reform programme and SG officials had undertaken engagement with a range of different groups and sectors with regards to the development of this work. The Board noted the importance of enabling members the opportunity to provide feedback on the evolving skills reform programme. Following discussion, it was agreed that a session for the Board would be arranged and SG colleagues from the Skills Planning unit would be invited to attend.

**ACTION:** Skills planning session with SG officials to be arranged for Board members **Senior Governance Officer**

## 6. Transformation: Strategy, People, Reform and Target Operating Model

- 6.1 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.
- 6.2 It was reported that work to develop SFC's new Strategic Plan was ongoing and meaningful engagement with colleagues had been undertaken to ensure their input into the development of the draft vision, purpose and strategic objectives.
- 6.3 The timing associated with the agreement and publication of the Strategic Plan was noted and discussed. It was recommended that in order to enable the new Chief Executive to influence the content of the Strategic Plan, that the indicative date for agreement of the plan by the Board should be deferred, and a number of options were provided to the Board to consider. It was agreed that it would be crucial for the incoming Chief Executive to influence the plan and that input from them could be sought shortly after appointment and could be managed through proactive and effective engagement. It was noted that in proceeding with the current trajectory and timescales, with agreement from the Board in September and publication in late 2026) would provide any incoming Chief Executive with a limited opportunity to contribute. It was also confirmed that engagement with relevant SDS staff will be undertaken over the summer.

6.4 *Minute redacted.*

6.5 *Minute redacted.*

6.6 The Deputy Director Strategic Change provided a comprehensive update on Transformation and the Reform Programme. It was reported that the Transition Leadership Team had recently been established and an initial workshop to consider the activities, actions and delivery plan for the groups was held in April 2026.

6.7 Preparation for Day 1 was reported to be an immediate focus, and phased work was underway to ensure continuity of services, legal compliance and staff confidence at transfer. It was confirmed that the Strategic Change Team had now been fully onboarded and was working at pace to support the preparations for Day One.

6.8 *Minute redacted.*

6.9 *Minute redacted.*

6.10 *Minute redacted.*

6.11 *Minute redacted.*

## 7. Framework Document

7.1 The Board received and considered the paper which sought approval of a refreshed Framework Document.

7.2 It was confirmed that the Framework Document was an important part of SFC's overarching governance framework and set out the key roles and responsibilities which underpinned the relationship between SFC and SG. It was noted that the Framework Document had last been reviewed in 2022, but further reviews had been deferred due to the appointment of a new Chair and Chief Executive in 2025. It was confirmed that the changes applied to the current Framework were considered to be relatively minor and following agreement from the Board, the revised Document would be shared with SG for approval. It was noted that the

Document would be subject to further review in early 2027 and would incorporate SFC's new duties as set out in the TET Act.

- 7.3 The Board noted the need for reference to enterprise agencies being included in paragraph #13 (j) in light of reform. It was agreed that this would be incorporated into the next iteration of the Document, which would be brought to the Board for agreement in early 2027.
- 7.4 Following discussion, the Board **approved** the Framework Document.

## 8. University and College Final Funding Allocations for AY 2026-27

- 8.1 The Board received and considered the paper which set out changes to funding allocations between the indicative and final allocations for colleges and universities for academic year (AY) 2026-27. It was confirmed that the publication of final allocations was planned for the end of May and final tables would be shared with the Board ahead of publication.
- 8.2 It was confirmed that no changes had been made to college allocations and final allocations remained unchanged from the indicative allocations which had been presented to the Board in March.
- 8.3 With regards to universities, it was confirmed that research and innovation funding allocations had been updated and were planned to be included in the final funding announcement.
- 8.4 The Chair thanked the Deputy Director, Tertiary Education Funding for the detailed update and thereafter, the update was noted.

## 9. University Transformation Framework: Initial Assessment of Bids

- 9.1 The Board received and considered the paper which set out the initial assessment of University Transformation Framework (UTF) proposals submitted by universities and proposed next steps. It was noted that the Finance Committee had considered the proposals set out at the meeting held on 30 April and members had endorsed the approach set out for recommendation to the Board.

9.2 The proposals which were recommended for support were set out to the Board. The criteria used to assess proposals were highlighted and it was confirmed that institutions had been contacted to advise them of the outcome of their bids.

*Minute redacted.*

9.3 Board members welcomed the proposals set out and endorsed the initiative, noting the measurable benefits which would result from the supported proposals and commending the teams involved in the framework's development and implementation. Following discussion the Board agreed to:

- Endorse the initial assessment of UTF proposals and the categorisation of proposals between those that are to be taken forward, those that require additional engagement and those that are not to be supported.
- Delegate authority to the Chief Executive to take forward proposals where further work was needed and further discussion was required, with a view to agreeing a package of support.

## 10. Tackling Child Poverty Funding

10.1 The Board received and considered the paper which set out the aims and purpose of the Scottish Government's Tackling Child Poverty Fund and the methodology which had been developed to allocate the Raising Income through Skills and Education (RISE) and Training Access Fund (TAF) funding.

10.2 It was noted that the Child Poverty Fund had been published by the Scottish Government in March and SFC had been tasked with developing the methodology to allocate and disburse the funding, deciding the evidence base to determine allocations and develop the process to deliver the funding and monitor outcomes. It was confirmed that the fund was widely recognised as a high-priority area for SG and Ministers had agreed to allocate additional resource to SFC to deliver the programme.

10.3 It was confirmed that the Finance Committee had considered the methodology at its meeting of 30 April. It was noted that the allocation option recommended by the Committee would enable smaller colleges to have a reasonable sum to enable delivery and could be tracked to gain a solid understanding of who would be benefitting from the funding.

10.4 Board members welcomed the paper and the comprehensive overview of the fund, provided by the Deputy Director Skills and Coherent Provision and commended the work of the data analysts involved in the development of the methodology. It was noted that there would be significant focus on delivery of the fund and SFC colleagues had engaged widely and comprehensively with colleges with regards to the development of the methodology. The Board recommended the implementation of tight controls to ensure that allocations were being directed and spent accordingly and encouraged rapid redistribution in the event of non-fulfilment. It was confirmed that relevant guidance would be shared with colleges with regards to the fund and the Board would be updated on monitoring and reporting arrangements in due course.

10.5 Following discussion the Board agreed:

- That SFC utilise Child Payment evidence as the evidence base for funding allocations;
- To delegate approval of the individual institutional allocations to the Chief Executive.

## 11. High Engagement Institutions

11.1 *Minute redacted.*

11.2 *Minute redacted.*

11.3 An overview of the key issues impacting the sector was provided to the Board. It was confirmed that the new Finance Business Partners were working hard to develop strong collaborative relationships with colleges and universities and were supporting ongoing monitoring and engagement with relevant institutions. The need for more highly specialist resource in this area was noted.

11.4 *Minute redacted*

11.5 The Chair informed Board members that the Committee of University Chairs' Governance Code Review Steering Group was shortly due to publish its revised Code of Good Governance. It was confirmed that the new Code would seek to

capture the complexities and challenges within which contemporary governance is required to operate and would also seek to specify practices of good governance. It was confirmed that the Committee of Scottish Chairs had also recently announced that it would review the Scottish Code published in 2023 and significant consultation with SFC was expected.

## 12. Sector and Institutional Financial Health Update

12.1 The Board received and considered the paper which summarised the latest college and university financial health reports. *Minute redacted.*

12.2 The need for rapid transformation in the sector was noted and emphasised by Board members. It was noted that the traditional form of teaching was changing, and geopolitical factors were having a strong influence on international student income.

12.3 Potential avenues for supporting the financial health of institutions were discussed by the Board. It was noted that these would be subject to further discussion at the Executive Team, Finance Committee and Board.

## 13. Performance Report

13.1 The Board received and considered the Performance Report which set out progress towards the delivery of SFC's priorities as outlined in SFC's Strategic and Delivery Plans.

13.2 The good progress made against Delivery Plan activities despite the increasingly challenging external environment was noted by Board members. Board members recognised and took the time to commend colleagues for their continued dedication, commitment and ability to deliver despite numerous complex and competing demands and challenges.

13.3 *Minute redacted.*

## 14. SFC Board External and Internal Effectiveness Review

14.1 The Board received and considered the paper which provided an update on progress against the action plan from the external Board effectiveness review

undertaken in early 2025 and proposals for the next internal Board effectiveness review.

14.2 Board members noted and welcomed the good progress made against agreed recommendations in the external review. It was agreed that a significant amount of progress had been made in the past 12 months and a high proportion of the recommendations was now considered to be complete. It was noted that changes to the Scheme of Delegation had supported the delivery of a number of the recommendations agreed, improvements had been made to the structure of agendas and additional insight and knowledge had been brought into the committees of the Board through the appointment of external committee members.

14.3 The plans for the next internal effectiveness review were noted and approved by the Board. It was noted that the results of the questionnaire would be brought to the Board in September.

## 15. Any Other Business

15.1 On behalf of the Board, the Chair took the opportunity to express her thanks and gratitude to the Chief Operating Officer (COO) for his contribution and service to SFC over the last six years. It was noted that the COO had played an integral role in SFC's ongoing success and evolution and had brought a distinct and perceptive approach to sector matters. Members of the Board warmly endorsed these sentiments and wished Mr Boyle every success for his future endeavours.

## 16. SFC Board Long Term Agenda

16.1 The Board noted the long-term agenda.

## 17. Closed Session of the Board

17.1 A closed session of the Board took place following the conclusion of the meeting at which the Deputy Director People & Transformation was in attendance.