

OFFICIAL SENSITIVE COMMERCIAL

SFC Board Meeting

The 160th meeting of the Scottish Funding Council was held on Thursday 19 March 2026 from 0945am in the Court Room, University of Stirling.

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; Linda Hanna; Andy Kerr; Kate Lander; Professor Sir Peter Mathieson (via *Teams*); Professor Irene McAra McWilliam (via *Teams*) (*from items #1 to #6 and then from item #8 to item #13*); Alison Nicolson; Professor Sue Rigby.

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

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 and Innovation); Tiffany Ritchie (Acting Director of Finance); Lynne Raeside (Deputy Director External Affairs and Policy); Louisa Baker (Deputy Director Governance & Planning) (Board Secretary); Teresa Ironside (Deputy Director Strategic Change) (*item #6 only*); Gordon Craig (Deputy Director Tertiary Education Funding (*items #7 to #10 only*); Ursula Lodge (Deputy Director Institutional Financial Health) (*items #7 to #10 only*); Gillian Phillips (Senior Governance Officer) (Board Clerk).

Observer: Dr Rory Stride

1. Welcome from Principal and Vice Chancellor

1.1 The Board received a welcome address from the Principal and Vice Chancellor of the University of Stirling, Professor Sir Gerry McCormac.

2. General Business

2.1 Following the address from Professor McCormac and an insightful and informative tour of the University's National Aquaculture Technology and Innovation Hub and Sports

Centre, the Chair formally welcomed all present to the meeting. The relevant apologies were noted.

2.2 The Chair acknowledged the news of Mr Maconochie and Mr Boyle's intended departures from SFC later in the year. It was agreed that there would be time to recognise both of their significant contributions to SFC in due course.

2.3 The Chair reported that the Ms Osowska had met with staff earlier in week and had advised of her intention to leave SFC in the autumn. Board members were informed that SFC colleagues had also been informed of changes to the organisational structure and that the changes would take effect from 7 April 2026.

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 #7 (*Institutions Requiring Additional Support*) was discussed. Board members were reminded of the dispensation granted by the Standards Commission Scotland (SCS) in April 2025 which enabled 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.

3.2 A new interest was also declared by Mr Boyle who, it was noted, would be taking up a role at Scotland's Rural College (SRUC) in May 2026. It was confirmed that Mr Boyle's new interest had been formally recorded.

4. Minute of the meeting held 12 February 2026 and Board Action Log

4.1 The minute of the meeting held 12 February 2026 was **approved** as an accurate record.

4.2 The Board received and **approved** the Board Action Log, and it was agreed that all actions marked as complete would be removed from the log.

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 Public Service Reform Strategy. Board members were informed that the Chair had attended the inaugural meeting of the newly formed Public Service Reform Board Chairs' Cluster, which was intended to share insight, shape emerging reform work and inform developments as they affect organisations and public bodies more widely. It was reported that the meeting had been positive and the advantages of learning from other bodies which had recently been through transformation was noted.

- 5.2 It was noted that the Confederation of British Industry (CBI) Parliamentary Reception had taken place earlier in the month and had proven to be highly beneficial in developing relationships with business and industry providers of apprenticeships and with Skills Development Scotland (SDS) staff and Board members.
- 5.3 It was reported that Board member recruitment was planned to commence later in the month and the Chair would meet with SG officials and fellow panel members imminently to start the process. It was noted that early commencement of the recruitment process would ensure appointments were made in good time ahead of a number of Board members demitting office in November 2026. The Chair confirmed that upon publication of the vacancies, SFC would undertake relevant promotional activity to attract a strong candidate pool. It was further noted that a recruitment exercise to appoint external members to the Finance Committee would start later in the month. Board members were encouraged to share the vacancy within their respective networks when the advert was published.
- 5.4 The Chief Executive reported that the Letter of Guidance was expected to be received imminently from Scottish Government (SG) officials and would be shared with Board members on receipt. It was confirmed that the Executive Team had reviewed a draft version of the letter and offered assurance to Board members that the Delivery Plan 2026-27 was aligned with the key priorities outlined.
- 5.5 The Board noted the establishment of the Universities' Future Framework Steering Group. It was reported that the Chair was engaging with Scottish Government officials and members of Universities Scotland Executive to consider a number of alternative routes for enhancing SFC's input to the Framework and Board members would be kept abreast of developments.

5.6 The re-introduction of the Flexible Workforce Development Fund (FWDF) was welcomed by Board members. It was confirmed that SFC would be asked to take on responsibility for administering the fund again, but there would be a new and explicit requirement to evidence how it would contribute to reducing child poverty.

6. Transformation

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 plans for engagement with staff with regards to the strategic plan were in their final stages and SFC colleagues would be invited to attend scheduled directorate and cross-directorate workshops to enable them to feed into the development of the strategy. Board members were informed that invitations to attend directorate workshops would be extended to them and members of the SFC Executive would be in touch soon with information on dates. Members of the SFC Executive re-affirmed their commitment to engaging with SDS colleagues who would be joining the organisation next year and it was confirmed engagement sessions with them would be arranged in due course.

6.3 Board members were advised that engagement with strategic partners was planned to commence following the election and workshops with SG officials, other public sector partners and student interest groups were planned. It was confirmed that the Board would be provided with further opportunity to hone and shape the plan throughout May and June, with the intention of bringing a draft final strategy to the Board in September for agreement prior to Ministerial approval.

6.4 It was noted that the passing of the Tertiary Education and Training (TET) Bill had enabled deeper discussions with SDS colleagues and in-depth workshops had been held in February to enable SFC staff to gain a greater understanding of the functions associated with the systems that support delivery of the apprenticeship programme.

6.5 It was reported that the Transition Leadership Team would be stood up later in the month and would comprise members of SFC and SDS. Board members were informed

that the Team's focus would be on the future operating model of the re-designed organisation and the culture it would have.

6.6 It was reported that discussions with SG officials regarding the implementation of the TET Act had been positive. With regards to the transfer of functions and staff from SDS, it was confirmed that a Simplification Project Implementation Plan had been developed in collaboration with SDS colleagues and had been updated to recognise achievements to date. *Minute redacted.*

6.7 The Board recognised the importance of people and culture as the organisation was set to embark on a programme of significant transformation. The Chair of the Audit & Risk Committee (ARC) reported that the Committee had undertaken a comprehensive deep dive on the theme of people and resources and had focused on staff wellbeing through a period of change in addition to the management of cultural integration. It was confirmed that the ARC had received strong assurance from the presentation delivered and it had been demonstrated that the SFC Executive was alert to where the risks were and was actively working to mitigate these. It was confirmed that whilst the risk remained high, the Committee had been assured by the controls in place.

6.8 It was noted that in order to deliver the objectives in SFC's new strategic plan, a new Target Operating Model (TOM) for the organisation would need to be developed which would enable the Executive Team to determine investment in people, systems and processes to deliver the organisation's objectives. It was confirmed that a detailed plan of the TOM would be presented to the Reform Programme Board (RPB) in due course, however initial discussions with SDS on the TOM had proven to be positive and it was agreed that the development of the TOM would be a joint endeavour between both organisations.

7. Institutions Requiring Additional Support

7.1 *Minute redacted.*

7.2 *Minute redacted.*

7.3 *Minute redacted*

7.4 *Minute redacted.*

7.5 Minute redacted.

8. College Indicative Funding Allocations for AY 2026-27

8.1 The Board received and considered the indicative funding allocations for colleges for the academic year 2026-27. It was confirmed that there was no major change in position since the allocations were last discussed with the Board in February.

8.2 Board members were reminded that changes to the organisation's Scheme of Delegation (Scheme) had been approved by the Board on 12 February 2026. It was noted that the new approach meant that the Finance Committee and Board would no longer be invited to recommend for approval and approve the detailed tables published with the allocations as this has been delegated to the Chief Executive. The Board would, however, be responsible for making key decisions around principles and the policy direction of funding. As the changes were not yet fully implemented, the full allocations had been brought to the Board for approval, and it was noted that the SFC Executive would engage with the Finance Committee on the handling of allocations going forward.

8.3 It was confirmed that the total teaching funding for AY 2026-27 had increased by £42.5m (8%) from AY 2025-26 and that mitigations relating to the changes made to the funding allocation model in AY 2025-26 had been removed.

8.4 Board members were informed that the Finance Committee had discussed at length the impact of the unwinding of the mitigations. It was confirmed that members of the SFC Executive were proactively working with colleges most adversely affected to manage expectations.

8.5 It was confirmed that capital funding remained unchanged and a new methodology for capital allocations was presently being developed and would be discussed at the Capital Committee in due course.

8.6 Board members welcomed the comprehensive update and commended the Deputy Director Tertiary Education Funding for the work undertaken to deliver the allocations. Thereafter and following discussion, the Board **approved** the indicative college allocations for AY 2026-27.

9. University Indicative Funding Allocations for AY 2026-27

- 9.1 The Board received and considered the indicative funding allocations for universities for the academic year 2026-27. It was confirmed that there was no major change in position since the allocations were last discussed with the Board in February.
- 9.2 It was confirmed that total teaching for AY 2026-27 had increased by £23.7m (3.3%) from AY 2025-26 whilst research would benefit from a £26.8m (just over 7%) rise to its funding for AY 2026-27.
- 9.3 It was reported that the Executive Team had considered contingency arrangements to address changes to the UK Department for Science, Innovation & Technology (DSIT) Higher Education Research Capital (HERC) funding allocation for universities in Scotland, which SFC was required to match. Board members were informed that the split of the core of the research & innovation (R&I) budget was weighted more towards the Research Excellence Grant (REG) because it would provide institutions with greater flexibility to deploy funding to support their research and innovation priorities. It was confirmed that capital funding remained unchanged for AY 2026-27.
- 9.4 It was confirmed that the SFC's Research and Knowledge Exchange Committee (RKEC) had been consulted with regards to the methodology adopted for Research Postgraduate Grant (RPG) and HERC and had recommended no changes.
- 9.5 The Board welcomed the update and agreed that the uplift would enable the Board to allocate funding that maximises opportunities for learners and supports institutions to continue delivering world-leading research and cutting-edge innovation. Thereafter and following discussion, the Board **approved** the indicative funding allocations for AY 2026-27, delegating to the Chief Executive the allocation of R&I funds to individual institutions.

10. SFC Running Costs and Other Programme Funds

10.1 *Minute redacted.*

10.2 *Minute redacted.*

10.3 *Minute redacted.*

10.4 *Minute redacted.*

11. Delivery Plan 2026-27

11.1 The Board received and considered the Delivery Plan 2026-27 which had been developed in consultation with the Executive Team, Senior Management Team and wider SFC colleagues.

11.2 It was reported that the Executive Team had undertaken a rigorous exercise to identify nine areas of enhanced focus for delivery during 2026-27 and these were the areas where the Executive wished to see the most change and resources focused on during the year. Board members were informed that the nine areas of enhanced focus would support the delivery of a re-designed organisation and support transformation activity.

11.3 Board members welcomed the Delivery Plan and endorsed the approach adopted but encouraged the use of reporting at each quarter for activities that were not due to deliver until later in the year to indicate progress against objectives and activities. Given the scale of transformation ahead, the Board acknowledged that senior leaders may need to reprioritise activities as the year progressed. *Minute redacted.*

11.4 Thereafter, and following discussion, the Board **approved** the Delivery Plan 2026-27.

12. Any Other Business

12.1 It was noted that the Board Secretary and Board Clerk would be in touch in due course with an update on proposed Board meeting venues for the remainder of the calendar year.

13. SFC Board Long Term Agenda

13.1 Board members **noted** the long-term agenda.

14. Closed Session of the Board

14.1 A closed session of the Board took place following the conclusion of the formal meeting.

15.Date of Next Meeting

Thursday 14 May 2026 (Glasgow)