

Disclosable in edited form.

---

## SCOTTISH FURTHER AND HIGHER EDUCATION FUNDING BOARD MEETING MINUTES

---

The 139<sup>th</sup> meeting of the Scottish Funding Council Board was held on Friday, 15 September 2023, at 10.00am at Apex 1, 99 Haymarket Terrace, Edinburgh.

**PRESENT:**

- Mike Cantlay (Chair)
- Karen Watt (Chief Executive)
- David Alexander
- Sheila Duncan
- Dr Veena O'Halloran
- Mhairi Harrington
- Lorna Jack (via Microsoft Teams)
- Professor Ewart Keep
- Andy Kerr
- Professor Sir Peter Mathieson
- Professor Irene McAra-McWilliam
- Caroline Stuart
- Professor John Wallace (via Microsoft Teams)
- Professor Lesley Yellowlees

**OFFICERS:**

- Louisa Baker
- Dr Jacqui Brasted (via Microsoft Teams)
- Helen Cross
- Alasdair MacDonald
- Richard Maconachie
- Lynne Raeside
- Sybille Rush (minutes)

**OBSERVERS:** Ellie Gomersall (via Microsoft Teams)

**APOLOGIES:**

- Dr David Blaney
- Martin Boyle
- Professor Dame Jessica Corner
- Dr Paul Little

Morven Pritchard

## 23/80 Welcome

The Chair **welcomed** all present and noted the apologies.

The Chair **thanked** Lorna Jack for chairing the June meeting of the Board.

## 23/81 Chair's business (oral)

The Chair **reminded** members to highlight any declarations of interest throughout the meeting.

The Chair **noted** that a number of members of the SFC Board were coming to the end of their term. He thanked them for the contribution to SFC.

The Chair also **noted** the Scottish Government (SG) is planning to appoint two interim members of the Board, for approximately six months.

The Chair **thanked** Angela Seymour for her services to the Board and the SFC in light of her upcoming retirement from SFC.

Board members **noted** their deep condolences on the passing of Professor Sir Ian Wilmut on 10 September 2023.

The Board **noted** that the Research and Knowledge Exchange Committee minutes listed on the agenda cover the June meeting rather than August.

## 23/82 Minutes of the previous meeting (SFC/23/MIN04)

The minutes of the meeting held on 30 June **were approved**.

## 23/83 Action Tracker (SFC/23/55)

The Board **received an update** on the actions from previous meetings of the Board.

The Board **noted** the update provided and asked that the tracker identifies which actions are closed and have been completed and which new actions are being captured.

**ACTION:** SFC to ensure action tracker clearly identifies which actions are closed and have been completed and which new actions are being captured.

**Deputy Director  
Corporate  
Governance &  
Planning**

The Board **noted** the following:

#### *Tripartite Alignment Group*

SFC has joined a tripartite working group composed of the Scottish Government, SFC and Colleges Scotland (and including representatives from the college sector where beneficial) to address urgent pressures and opportunities facing colleges.

This group will consider a range of areas, including:

- **Flexibilities relating to the disposal of assets.**
- **ONS Classification** - to explore whether flexibilities afforded to colleges in England following their reclassification as public bodies could be applied to the Scottish context.
- **The cost of college teaching delivery** – the Minister has asked SFC to lead on the development of a costing model for colleges.

The Board **noted** that a sub-group of the Tripartite Alignment Group will also consider the college funding model and associated credit guidance.

The Board noted that SFC continues to consider how to maximise the flexibilities that already exist and review the way SFC communicates flexibilities to the sector.

The Board **remarked** on the continuing financial pressures facing colleges and universities. It also **noted** that the expected autumn announcements regarding Scottish Government reform will be important.

#### *Future Research Assessment Programme*

The Board **noted concerns** about the ongoing consultation on the Future Research Assessment Programme (FRAP). The Director of Research and Innovation reported that work is ongoing with the sector to collate their views and SFC will continue to work with the sector until the formal consultation closes on 6 October and to invite written comments on the people, culture and environment element in REF 2028 until 1 December.

23/84

#### **CEO Report (SFC/23/56)**

The Board **received a report** from the Chief Executive highlighting key operational activities, sector news and developments in the wider policy environment since the last Board meeting.

The Board **noted** the following key points:

- a. SFC's Director for Access, Learning and Outcomes will shortly commence a secondment at AdvanceHE. Arrangements are in place to fill this post on a temporary basis.
- b. SFC has carried out a full review of its cyber function. Work is ongoing as the risk continues to evolve.
- c. SFC is providing advice to Ministers on the presence of RAAC in institutions across Scotland, with the potential cost of any remediation work still to be fully established. SFC is also considering its own building and the shared space with Scottish Enterprise. While full results are still awaited, initial assurances have been provided.
- d. Audit Scotland (AS) has published its '*Report on Scotland's Colleges 2023*', and this will likely generate parliamentary attention.
- e. SFC welcomes the UK Government's announcement of a return of the Horizon Europe and Copernicus programmes.

The Board **noted** the update and, in discussion:

- **Noted** that while association to Horizon Europe is welcome, it will continue to be important to recognise that European funding does not pay full economic cost.
- **Expressed concern** around recent UCAS figures, particularly in relation to nursing and teaching as well as recent retention figures.
- Members noted the importance of an accurate and up-to-date risk register that captures risks discussed across all committees.
- Members **noted** SFC's intention to publish an analysis of the financial sustainability of the college and university sector in the near future.

The Board **noted** the paper and the use of delegated authority.

23/85

### Scottish Government Reform Agenda (SFC/23/57)

The Board **received a paper** setting out details of the Scottish Government Reform Agenda.

The Board **noted** the paper and, in discussion:

- **Noted** that reform of public bodies often takes longer than originally planned and highlighted the risk of losing expertise and knowledge across the range of public bodies during this time.
- **Was assured** that SFC continues to liaise with the Scottish Government on the critical financial situation of the sector, but **highlighted** that

changes to the funding model alone were unlikely to solve the funding crisis.

- Was **supportive** of the approach in SFC's response to the Minister's letter as it built from earlier Board discussions.

## 23/86 Research Landscape & Evidence Base (SFC/23/58)

Helen Cross, Director for Research and Innovation, presented this paper which updated the Board on the work around SFC's research strategy and priorities in a changing context, building on SFC's comprehensive research landscape analysis and engagement.

The Chair of the Research and Knowledge Exchange Committee (RKEC) **informed** Board members that RKEC had discussed the paper and was supportive of it. The Committee Chair also **highlighted** that sector colleagues were appreciative of the work by the SFC team.

The Board **remarked on** the diversity of funding sources in England and Scotland but **noted** a widening gap between the two systems. Members **noted** Research England's ability to invest in strategic projects.

The Board noted SFC plans to hold a number of events in the coming months to highlight the impact of investment in Scottish research. SFC is preparing a variety of materials to support these events including a number of case studies.

## 23/87 Performance Reporting (SFC/23/59)

The Board **received a paper** setting out:

- i. A biannual report on progress against activities set out in the Delivery Plan for 2022-24.
- ii. An annual review of the SFC Strategic Plan 2022–2027.

The Chief Executive presented this paper and the Board **noted** the following points:

SFC expects to have greater clarity on the SG Reform Agenda towards the end of the calendar year which will enable SFC to review delivery priorities.

Further discussion will be necessary with the SG to consider what role a National Impact Framework may play given the publication of the SG's Purpose and Principles approach and the upcoming reform agenda.

The Board **considered** the update and, in discussion:

- **Agreed** that prioritisation of activities will be necessary to match resource to priorities, particularly to support the reform agenda.

- **Requested** the inclusion of a table under the summary report to set out priorities under each objective.

**ACTION:** SFC to add table under summary report to set out priorities under each objective.

**Deputy  
Director  
Governance &  
Planning**

## 23/88 Infrastructure Investments: Innovation Centres

Helen Cross provided an oral update on this item.

The Board **noted** that assurance had been provided to Scottish Government Ministers about the process and decisions taken by the Board at its meeting in June.

*Discussion redacted.*

**ACTION:** An update around transition plans for ICs to be provided to members at November Board meeting.

**Director of  
Research &  
Innovation**

## 23/89 Audit and Compliance Committee Annual Report (SFC/23/59a)

The Board **received a paper** setting out the latest draft of the Audit and Compliance Committee (ACC) Annual Report.

Board members **noted** that the ACC met on Friday, 8 September and reconvened for an additional meeting in the morning of 15 September, at which the Committee considered its Annual Committee Report. At its meeting on 15 September, the Committee also noted the final draft External Audit Annual Report which included management responses and updates made since 8 September.

The Board **was informed** that the final ACC Annual Report, which will include feedback on SFC's external auditor would be shared with the Board at its November meeting.

**ACTION:** Audit & Compliance Committee Annual Report to be presented at November SFC Board Meeting

**Deputy  
Director  
Corporate  
Governance &  
Planning**

## 23/90 Review of Corporate Governance (SFC/23/60)

The CEO presented this paper which set out proposed draft changes to the following documents, following a review of corporate governance:

- i. a proposed revised Scheme of Delegation; and
- ii. updated draft Standing Orders for the Board and committees

The paper also set out proposals for a process to refresh the remits for each Committee and included suggestions for practical ways to improve the operation of the Board.

Given SG's intention to announce more significant reform in the near future, the Board decided to proceed with a refresh of Committee remits and to consider continuous improvement proposals, with a further paper to be brought to the November Board.

- |   |   |
|---|---|
| <p><b>ACTION:</b> Individual meetings with Committee Chairs to be arranged to consider the remit of each Committee. These meetings will be attended by the Board Chair.</p> | <p><b>Deputy Director Corporate Governance &amp; Planning</b></p> |
| <p><b>ACTION:</b> A further paper to be presented to the Board in November 2024.</p>  | <p><b>Deputy Director Corporate Governance &amp; Planning</b></p> |

## 23/91 Annual Report & Accounts 2023 (SFC/23/61)

The Board **received a paper** with the final draft of SFC's Annual Report and Accounts for FY 2-22-23.

The Director of Finance presented this paper.

The Board **noted** the following points:

- The 2022-23 audit went well with only two issues requiring attention towards the end of the auditing process. SFC's external auditor Mazars then gave an unqualified audit opinion.
- ACC members welcomed the comprehensive nature of the report and recommended approval to the Board at its meeting on 15 September.

The Board **recommended** the External Audit Annual Report for signature by the Chief Executive and **recommended** the Chief Executive sign the Letter of Representation.

23/92 Skills, Enhancement, Access and Learning Committee Minutes 25 May 2023 (SFC/23/62)

The Board **noted** the minutes of the Skills, Enhancement, Access and Learning Committee held on 25 May 2023.

23/93 Audit and Compliance Committee Minutes 8 June (SFC/23/63)

The Board **noted** the minutes of the Audit and Compliance Committee held on 8 June 2023.

23/94 Remuneration Committee Minutes 23 January (SFC/23/64)

The Board **noted** the minutes of the Remuneration Committee held on 23 January 2023.

23/95 Research and Knowledge Exchange Committee Minutes 15 June 2023 (SFC/23/65)

The Board **noted** the minutes of the Research and Knowledge Exchange Committee held on 15 June 2023.

23/96 Long-term Agenda (SFC/23/66)

The Board **received a paper** informing members of substantive agenda items proposed for future meetings.

23/97 Any other Business (oral)

The Chair **expressed his thanks** to Board members whose term on the Board was about to end.

23/98 Date of next meeting

Members **noted** that the next meeting of the Board would take place on 17 November and the Board Strategy Day will take place on the 16 and 17 November in person.