

**OFFICIAL**

**SCOTTISH FUNDING COUNCIL  
SFC BOARD**

**Minute of the meeting held Friday 20 September 2024 at 10am in the Livingston Room,  
Apex 1, Haymarket Terrace, Edinburgh and via Microsoft Teams**

**PRESENT:** Dr Mike Cantlay (Chair); Mr Martin Boyle (Interim Chief Executive)(*via Teams*); Ms Lorna Jack (Vice Chair) (*via Teams*); Professor Cara Aitchison (*via Teams*); Mr David Alexander; Dr Richard Armour: Ms Linda Hanna MBE (*via Teams*) (*to item #19 only*); Ms Mhairi Harrington OBE; Professor Ewart Keep (*to item #19 only*); Mr Andy Kerr; Ms Kate Lander: Professor Irene McAra McWilliam (*via Teams*) (*to item #19 only*); Professor Sir Peter Mathieson (*via Teams*) (*to item #19 only*); Ms Alison Nicolson; Professor Lesley Yellowlees (*via Teams*) (*to item #19 only*).

**APOLOGIES:** Professor John Wallace CBE; Ms Lynne Raeside (Deputy Director, External Affairs and Policy); Dame Jessica Corner (Executive Chair, Research England, Observer); Ms Bethan Owen (Interim Chief Executive, HEFCW, Observer).

**OBSERVERS:** Ms Elaine Anderson (Assistant Director, Governance & Planning) (*via Teams*); Mr Rory Stride (SFC Staff Observer) (*to item #18 only*) ; Ms Sai Shraddha Suresh Viswanathan (NUS President) (*to item #18 only*).

**IN ATTENDANCE:** Dr Jacqui Brasted (Interim Director, Access, Learning and Outcomes); Ms Helen Cross (Director of Research & Innovation); Mr Richard Maconachie (Director of Finance); Ms Louisa Baker (Deputy Director of Governance & Planning) (Board Secretary); Ms Karen Murray (Forvis Mazars) (*item #13 only*); Ishana Singh (Forvis Mazars) (*item #13 only*); Professor Sarah Skerratt (*item #14 only*); Ms Gillian Phillips (Senior Governance Officer) (Board Clerk).

**1. Welcome, Chair's Business and Opening Remarks**

1.1 The Chair welcomed all attendees to the meeting and the apologies for absence were noted. *Discussion redacted*

1.2 The Chair took the opportunity to extend a particular welcome to Ms Shraddha Suresh Viswanathan who had recently taken up the role of NUS President and was joining the Board for the first time in an observational capacity. Likewise, a welcome was extended to Ms Anderson who had recently joined SFC as Assistant Director, Governance & Planning .

1.3 Whilst no new declarations of interest were reported, it was noted that Professor McAra McWilliam, Professor Yellowlees, Professor Keep, Professor Mathieson and Ms Hanna all had an interest under agenda item #16. It was therefore agreed that while they were permitted to remain for the introductory

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remarks on this item, they were not permitted to be present for the substantive discussion around high engagement institutions.

### 2. Minute of the meeting held Friday 28 June 2024

2.1 The minute of the meeting held 28 June 2024 was **approved** as an accurate record.

### 3. Board Action Log

3.1 Before considering the Action Log, the Board **homologated** the recent decisions made around committee membership, namely that

- (i) Ms Nicolson and Professor Aitchison join the Finance Committee
- (ii) Ms Lander joins the Audit & Risk Committee (ARC) and Remuneration and Nominations Committee (RNC)
- (iii) Dr Armour, Ms Hanna and Professor Aitchison join the Research and Knowledge Exchange Committee (RKEC)
- (iv) Dr Armour joins the Skills, Enhancement, Access and Learning (SEAL) Committee
- (v) Ms Nicolson joins the Capital Committee
- (vi) Ms Hanna joins the Remuneration and Nominations Committee, as Chair and
- (vii) Mr Kerr joins the Remuneration and Nominations Committee.

3.2 The Board received and **noted** the Board Action Log, presented by the Deputy Director Governance & Planning. *Discussion redacted.*

### 4. Long Term Agenda and Dates of Future Meetings

4.1 The Board received and **noted** the Board Long Term Agenda and Dates of Future Meetings, presented by the Deputy Director Governance & Planning. Board members were invited to provide comments or queries to the Board Secretary and Clerk.

4.2 The Deputy Director Governance & Planning provided an update on arrangements for Board Strategy Event due to take place in November.

4.3 The Board approved the meeting dates for 2025.

### 5. Chief Executive's Report (*inc. Risk Register and Risk Assurance Map and Delegated Authority*).

5.1 The Board received and **noted** the Chief Executive's Report, presented by the Interim Chief Executive which drew attention to strategic topics, sector news and developments in the wider policy environment since the last meeting of the Board. The Interim Chief Executive augmented the written report with further comments on the recent correspondence from the Scottish Government which had outlined the requirement for tighter controls around discretionary spend.

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5.2 Board members noted that SFC already had robust spend control processes in place. It was reported that the SFC Executive Team were seeking to adopt a pragmatic approach to recruitment and were continuing to recruit to vacancies which were considered vital to the essential operation of the organisation.

5.3 *Discussion redacted.* It was suggested that following the Executive Team's review of the Board Development & Engagement plan, the Board Engagement Visits for 2025 be reviewed.

5.4 Following discussion, it was agreed that the engagement visits would now be aligned with Board meetings taking place at institutions. Board members were reminded that the engagement visit would include a tour of the institution and a discussion with senior management. It was agreed that those Board members who presently serve on or were employed by an institution funded by SFC would not join the meetings with senior management but would be free to participate in relevant campus tours and engagement with students. It was acknowledged that this approach would effectively balance the need to manage conflicts with aspiration of Board members to learn more about the sector.

5.5 Board members considered the appended risk register and recommended that this should be reviewed in parallel with and linked to the organisation's delivery plan. It was observed that as the majority of the delivery plan objectives were being achieved, or planned to be achieved, corporate risks should reduce accordingly. Board members were informed that the next review point for the risk register would take place during the autumn and the Executive Team would seek to adopt a holistic approach and include the delivery plan as part of their overall review of the risk register.

**ACTION:** Risk Management Framework to be shared with new Board members. **Deputy Director, Governance & Planning**

5.6 Board members discussed the broad themes of under delivery and institutional sustainability. *Discussion redacted.* It was noted that the recently established Outcomes Framework and Assurance Model had been developed to provide SFC with an agreed framework through which it could monitor the full breadth of institutional performance.

5.7 The Board welcomed the report and thanked the Interim Chief Executive for the information provided. Thereafter, the Chief Executive's Report was **noted.**

## 6. Post Schools Education and Skills Reform

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6.1 The Board received and considered the report on the post school education and skills reform agenda, presented by the Interim Chief Executive. He updated the Board on how SFC colleagues were engaging with the reform programme and contributing to the process *Discussion redacted*.

6.2 *Discussion redacted*.

6.3 Board members were reminded that the closing date for submissions to the consultation was 20<sup>th</sup> September and SFC's response had been successfully submitted on 19<sup>th</sup> September. It was agreed that the final response would be shared with Board members for information, and it was noted that a report on the outcomes of the consultation would be reported by the Scottish Government in January 2025.

**ACTION:** Final Reform consultation response submission to be shared with Board members for information. **Deputy Director, Governance & Planning**

### 7. SFC Board: Review of Standing Orders

7.1 The Board received and discussed the review of its Standing Orders, presented by the Deputy Director Governance & Planning. Board members were reminded that the Standing Orders had last been subject to review in 2019 and it was recognised good practice to review these on a periodic basis. It was reported that the changes outlined ensured that the standing orders were consistent with legislation and where appropriate, Board member comments and feedback had been taken into consideration and incorporated.

7.2 Board members broadly welcomed the updates and subject to a handful of minor amendments, **approved** the proposed amendments to the Board Standing Orders.

### 8. SFC Corporate Governance Policies

8.1 The Board received, considered and ultimately approved the suite of Corporate Governance policies, presented by the Deputy Director, Governance and Planning. It was noted that extensive consultation had been undertaken with Board members in the development of the policies and revisions to these had been made in light of the feedback received. Board members were reminded that the amendments proposed to the policies sought to ensure that SFC remained consistent and compliant with relevant legislation and the Board's own Code of Conduct.

8.2 It was reported that the Audit & Risk Committee (ARC) had received and considered the policies at its meeting on 6 September and had agreed the wording of the policies. The ARC Chair underlined the importance of ensuring full clarity and comprehension on the application of and arising from the execution of the policies.

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8.3 Members welcomed the updates and noted the considerable amount of time which had been invested in the development of the policies. It was agreed that the revisions proposed would ensure SFC's compliance with relevant legislation and the Board Code of Conduct.

### 9. SFC Board External Effectiveness Review

9.1 The Board received and considered a paper which outlined the proposed approach to the next external Board effectiveness review. It was noted that the last external review on the Board's effectiveness had been undertaken in 2018-19 but due to the Covid-19 pandemic the usual triennial external review had been deferred to allow the organisation to focus resources on other priority areas.

9.2 The broadly positive responses gathered from recent internal reviews were highlighted and the proposed timescales associated with the external review were outlined. It was suggested that undertaking an external review of the Board's effectiveness was considered to be prudent and timely and would provide the new Chief Executive and Chair with a helpful baseline from which further improvements and enhancements to Board effectiveness could be made.

9.3 Board members broadly welcomed the proposals and agreed that an external review of the Board's effectiveness was timely and necessary, but observed that it could be considered to be challenging for five new Board members to provide detailed comments on the effectiveness of the Board given their short term of office and exposure to the workings of the Board to date.

9.4 Following discussion, it was agreed that collection of feedback should take place in two stages to enable newly appointed members to contribute fully and effectively. It was noted that this would mean that the final outcome would not be delivered until 2025-26, however Board members were satisfied that this would result in the production of a more robust and objective report. Subject to the above proviso, the Board **approved** the proposed approach to the external Board effectiveness review.

### 10. Annual Review of Strategic Plan and SFC Delivery Plan 2023-24: Q1 Reporting

10.1 The Board received and considered a paper presented by the Deputy Director, Governance & Planning. Board members were advised that in light of the uncertain and evolving external environment, potential for shift in policy direction and dependency on the outcome of the Scottish Government's annual budget allocation it was proposed that no changes were made to the current SFC Strategic Plan, but this would be kept under close review.

10.2 It was reported that good progress was being made in relation to the activities contained within SFC's 2024-25 Delivery Plan with 11 activities

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considered to be complete and a further 47 considered to be on track to be delivered by the identified deadline.

10.3 Board members welcomed the update and noted the comprehensive nature of the report. A discussion focusing on the establishment of a suite of robust key performance indicators (KPIs) followed. It was noted that this was an area that SFC Officers were seeking to develop and evolve in order to provide assurance to the Board and Scottish Government that value for money was being achieved. Board members also suggested the use of KPIs as a voice for the Board, allowing them to make informed and augmented decisions around, for example, the requirement for additional resource. The importance of correlating and triangulating the delivery plan with the risk register was also reiterated by Board members.

### 11. Best Value Assessment

11.1 The Best Value Assessment Report was **noted** by the Board. The proposal to ensure that future reporting against any areas identified for improvement is made to the Board on an annual basis and not through the Delivery Plan reporting was noted and welcomed. It was agreed that this approach would ensure that SFC was reporting against the specific requirements of the Best Value Assessment.

### 12. SFC Annual Report and Accounts to 31 March 2024

12.1 The Chair welcomed Ms Murray and Ms Singh, SFC's external auditors from [Forvis Mazars], to the meeting and the Board received and considered the draft Annual Report and Accounts (ARA), Annual Audit Report and Letter of Representation. It was reported that the audit process had been positive, SFC Officers had been responsive to enquiries and the auditors had considered the accounts to be of high quality with no errors identified. The Board were informed that the production of the ARA had been a cross-directorate effort, with contributions from across the organisation.

12.2 It was reported that the ARA and audit report were not yet considered to be final owing to the delay in the disclosure of the Cash Equivalent Transfer Value (CETV) information in respect of pension values for the senior management team. Board members were informed that SFC Officers had received this information at the end of August and were presently working with external audit to ensure the relevant calculations were completed. Board members were informed that external audit were expected to give an unqualified opinion and the performance report was considered to be comprehensive.

12.3 It was noted that as the ARA and audit report were unable to be finalised ahead of the Board meeting, the Board were being presented with the latest draft and final approval of both reports were proposed to be delegated to the Board Chair. It was reported that members of the Audit & Risk Committee had

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been satisfied with this approach, on the basis that no material changes were made.

12.4 The Board welcomed the highly positive reports and commended the work of both external audit and the SFC finance team. Thereafter the Board

- (i) **Approved** the Letter of Representation to be signed by the Interim Chief Executive and
- (ii) **Delegated** final approval of the draft ARA to the Chair of the Board once the pension disclosures were finalised.

### 13. Audit & Compliance Committee (ACC) Annual Report

13.1 The Board received and noted the Annual Report from the Audit & Compliance Committee, presented by the Audit & Risk Committee Chair. It was reported that committee processes had been refined throughout the course of the year and the report confirmed that the Committee had been fully effective in its oversight of audit and risk activity.

13.2 The proposal to adjust the reporting period of the annual report from the academic year (July to August) to the financial year (March to April) to appropriately align the report with the business of the committee was **approved** by the Board.

### 14. RSE Chief Executive: Making Knowledge Useful

14.1 On behalf of the Board, the Chair welcomed Professor Sarah Skerratt to the meeting. Professor Skerratt provided Board members with a comprehensive overview of the Royal Society Edinburgh's (RSE) activities and successes and described how the organisation was effectively delivering SFC's strategic objectives.

14.2 Board members thanked Professor Skerratt for the helpful and information presentation.

### 15. AOB

15.1 Board members welcomed hearing directly from the RSE Chief Executive. It was suggested that the SFC Executive Team should give consideration to inviting the Chief Executive of the College Development Network (CDN) to a future Board meeting.

15.2 It reported that the Times Good University Guide had been published and five Scottish universities had featured in the top 20. Board members warmly welcomed and commended this significant achievement.

### 16. Dates of Future Meetings

Thursday 14<sup>th</sup> and Friday 15<sup>th</sup> November 2024: Board Strategy Event and Board Engagement Visit (Advanced Research Centre (ARC), University of Glasgow)

Friday 6<sup>th</sup> December 2024: Board Meeting (virtual)

Thursday 13 February 2025: Board Meeting (virtual)

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Thursday 20 March 2025: Board Meeting (institute TBC)

Thursday 15 May 2025: Board Meeting (virtual)

Thursday 26 June 2025: Board Meeting (institute TBC)

Thursday 25 September 2025: Board Meeting (virtual)

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

### 17. Finance Committee: Minute of the meeting held 31 May 2024

17.1 The minute of the Finance Committee meeting held 31 May 2024 was **noted** by the Board.

### 18. Audit & Compliance Committee: Meeting of the minute held 6 June 2024

18.1 The minute of the Audit & Compliance Committee (ACC) meeting held 6 June 2024 was **noted** by the Board.

## Reserved Items

### 19. Chair and Chief Executive Recruitment Update

19.1 The Board received an update on the permanent Chief Executive and forthcoming Chair appointment processes. All SFC Officers (with the exception of the Board Clerk) were requested to leave the room at this time.

### 20. High Engagement Institutions

20.1 The Board, received, discussed and noted the update, provided by the Interim Director, Access Learning and Outcomes.