



The Scottish Parliament
Pàrlamaid na h-Alba

Karen Watt
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By e-mail only

**Public Audit and Post-legislative
Scrutiny Committee**

Room T3.60
The Scottish Parliament
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3 February 2020

Dear Ms Watt,

Finances of Scottish universities

[At its meeting on 3 October 2019](#), the Public Audit and Post-legislative Scrutiny Committee took evidence from the Auditor General for Scotland on her section 23 report, [Finances of Scottish universities](#). The Committee has agreed to write to the Scottish Funding Council (SFC) regarding a number of issues raised in the report.

Universities in Scotland receive a significant amount of public funding; in 2019/20 this amounts to £1.05 billion. The key area of interest for this Committee is how the SFC holds to account universities for the funding they receive and, specifically, how the SFC monitors performance of individual universities; ensures that they contribute to the Scottish Government's national priorities and how funding decisions link to performance.

Targets for all outcome measures

The Committee notes that outcome agreements are intended to be the key link between funding and performance. The Committee understands that the SFC is taking steps to demonstrate how Scotland's universities are contributing to the delivery of national priorities. However, the Committee notes that the Audit Scotland report indicates that, in 2017/18, not all universities had targets for all outcome agreement measures. The report further indicates that its analysis of teaching and research performance measures found that many universities did not have agreed targets in place for some measures and that, in some case, as few as two universities met their targets.

Please detail—

- **the steps the SFC is taking to ensure that all universities have targets for all outcome agreement measures;**
- **how the SFC monitors performance against the agreed targets;**
- **what action the SFC takes if agreed targets are missed;**
- **how performance of individual universities impacts on funding decisions.**

Analysis of financial health of universities

The Audit Scotland report acknowledges that the SFC prepares a high-level summary of the sector's financial position. However, the report recommends that the SFC publish a more detailed summary of its financial analysis, similar to that published by the Office for Students in England, noting that this would increase transparency and support scrutiny by interested stakeholders.

Please detail—

- **the steps the SFC is taking to provide a more detailed analysis of the financial health of each university; and**
- **when the output of this work will be completed and made available.**

The Committee notes that the SFC has begun to develop a framework to help it determine how it should engage with individual universities. However, the Audit Scotland report notes that the reports that the SFC produces for its finance committee do not include any quantitative assessment of performance against targets and there is no link or commentary on the implications of underperformance for future funding. **Please detail—**

- **how the SFC monitors the financial health and performance of individual universities;**
- **how the SFC decides whether it should engage more closely with individual universities;**
- **whether it is planning to prepare a more detailed analysis in its reports to the finance committee.**

Specific examples of university spend

In addition to the general issues raised above, the Committee also wished to seek clarification on the role of the SFC in respect of two specific instances of university spend:

Payment made to the former principal of Aberdeen University

The Committee was concerned by media reports that suggested that the former principal of Aberdeen University received a payment of £280,000 when he left his post.¹ As I'm sure you are aware, the Committee has long held an interest in payments made to senior staff on their departure from public bodies and, in this

¹ <https://www.bbc.co.uk/news/uk-scotland-north-east-orkney-shetland-48580687>

case, the figure reportedly paid is a significant amount of public funds. The Committee understands that the SFC is carrying out a review of this payment and will be reporting shortly. **Please detail—**

- **the role of the SFC when concerns are raised about specific university spend and how and in what circumstances the SFC decides to intervene and take further action;**
- **the timescale for reporting on its review in this specific case.**

Glasgow Caledonian New York campus

The Committee was also concerned by a recent report of spend at Glasgow Caledonian New York Campus (GCNYC) which suggested that the former Vice-President of the college was in receipt of a salary of £250,000.² The report also suggested that the Glasgow Caledonian University (GCU) had agreed to lend to GCNYC US\$25.5 million. **Please detail—**

- **whether GCNYC is being wholly or partly funded by public funding via the SFC and, if so, provide details of such funding; and**
- **if the GCNYC is being funded solely by private funding, the extent to which such funding is being taken into account by the SFC in determining the Scottish Government funding that the GCU should receive.**

I would be grateful if you could provide a response to this letter by **Friday 21 February**.

Yours sincerely,



Jenny Marra MSP
Convener

²https://www.dailyrecord.co.uk/news/politics/former-scots-uni-chief-scooped-21233837?utm_source=twitter.com&utm_medium=social&utm_campaign=sharebar