



OFFICIAL REPORT
AITHISG OIFIGEIL

Education, Children and Young People Committee

Wednesday 19 March 2025

Session 6



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EDUCATION, CHILDREN AND YOUNG PEOPLE COMMITTEE
10th Meeting 2025, Session 6

CONVENER

*Douglas Ross (Highlands and Islands) (Con)

DEPUTY CONVENER

*Jackie Dunbar (Aberdeen Donside) (SNP)

COMMITTEE MEMBERS

George Adam (Paisley) (SNP)

*Miles Briggs (Lothian) (Con)

Keith Brown (Clackmannanshire and Dunblane) (SNP)

*Pam Duncan-Glancy (Glasgow) (Lab)

Ross Greer (West Scotland) (Green)

*Bill Kidd (Glasgow Anniesland) (SNP)

*John Mason (Glasgow Shettleston) (Ind)

*Willie Rennie (North East Fife) (LD)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Tricia Bey (University of Dundee)

Jacqui Brasted (Scottish Funding Council)

Maggie Chapman (North East Scotland) (Green)

Joe FitzPatrick (Dundee City West) (SNP)

Professor Blair Grubb (University of Dundee)

Clare Haughey (Rutherglen) (SNP) (Committee Substitute)

Richard Maconachie (Scottish Funding Council)

Michael Marra (North East Scotland) (Lab)

Professor Shane O'Neill (University of Dundee)

Francesca Osowska (Scottish Funding Council)

Helen Simpson (University of Dundee)

Mercedes Villalba (North East Scotland) (Lab)

CLERK TO THE COMMITTEE

Pauline McIntyre

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Education, Children and Young People Committee

Wednesday 19 March 2025

[The Convener opened the meeting at 09:00]

University of Dundee

The Convener (Douglas Ross): Good morning, and welcome to the 10th meeting of the Education, Children and Young People Committee in 2025. We have received apologies from George Adam, Keith Brown and Ross Greer. We welcome Clare Haughey as a substitute member.

The first item on our agenda is to take evidence on the financial situation at the University of Dundee and the impact on staff and students. Our first witnesses are from the university. I welcome Professor Shane O'Neill, interim principal and vice-chancellor; Tricia Bey, acting chair of court; Professor Blair Grubb, vice-principal, education; and Helen Simpson, interim director of finance.

I understand that Professor O'Neill would like to make an opening statement.

Professor Shane O'Neill (University of Dundee): Thank you, convener and committee, for the invitation to appear.

First, I want to say how regrettable it is for us to be here, with the university facing such a difficult challenge as we work intensively to come through a period of serious financial distress. I want to apologise to all those who are affected by those challenges. We are very mindful of the negative impact that they are having on our staff, our students, the city and the country. We acknowledge the pain and worry that is felt by staff, and we pay tribute to their hard work and commitment throughout this time. We are deeply sorry that they are facing such a destabilising and anxious period.

Several factors, both external and internal, have led to this financial crisis. Externally, like every university in the United Kingdom, we live to varying degrees with the challenges of achieving a kind of financial cross-subsidy across our activities, with international tuition fees closing the financial gaps that are associated with other work. We have seen changes in immigration policy and related factors that have had a negative impact on our international student recruitment. Like every other organisation, we have had inflationary pressures, and we have seen a rise in employer national insurance contributions and so on.

However, there are also quite a few University of Dundee-specific causes of the problems, and we have been learning and absorbing lessons from them as we have been building our recovery plan. There has been inadequate financial discipline and control of investment decisions, including in relation to information technology systems, and weak compliance and a lack of accountability at times in financial control. There has also been inadequate oversight at executive and court levels of our financial position, not least in ensuring that strategic ambitions were underpinned by financial rigour.

It has also been a long-standing challenge in the university to address what we refer to as a structural deficit caused by an imbalance in the organisation. We are a very research-intensive university—far more so than most universities of our size and scale—and achieving a balance to cross-subsidise and support that research intensity has been a challenge for quite a few years. We have to address that now.

In partnership with the Scottish Funding Council, we are about to publish the terms of reference for an independent external investigation into the reasons for the crisis. Without pre-empting the outcome, I can say that we would not be sitting here if better decisions had been made.

We are very grateful for the support that we have received from the SFC, which is working with us on the recovery plan, and for the support that the Scottish Government has made available for universities such as ours. Its help to us in addressing immediate challenges is especially welcome and gratefully received.

We have come here today to answer questions honestly and frankly about the work towards recovery. The recovery plan that was announced last week was driven by the need to secure our financial future as urgently as possible, because it is an urgent matter, but it was written under a financial lens. We are very mindful of the need to work now with stakeholders to assess more holistically any other options that can deliver a full recovery. We are now urgently engaging in that work with the SFC and other stakeholders. We want to remain a recognisable institution, but we need to resize, reshape, rebalance and restructure ourselves in order to do so.

We are fully aware of the terrible human costs that are associated with some of those changes, and we remain very open to alternative proposals that can mitigate the pain that is being felt by our university community.

Our priorities are, first, to ensure our financial sustainability and, second, to make sure that our students continue to have an incredibly positive

experience, which they are having at the university. Thank you.

The Convener: Do you think that your students are having a positive experience at the moment?

Professor O'Neill: Yes, we believe that they are, in general. We are offering excellent courses, and we are supporting and teaching them, as we have done. We have been engaging with them—

The Convener: You think that, with everything that is going on with the huge uncertainty and all the job losses that you have announced, your students are enjoying their time at the university at the moment.

Professor O'Neill: Anxiety is being caused by what is going on, and we have been engaging very productively with students on that. Perhaps Blair Grubb—

The Convener: It is okay—I was just picking up on your words.

You have given a number of reasons why, in your view, Dundee university is in the dire straits that it finds itself in. Some of those are, you believe, common in other universities and some of them are distinct to Dundee university. On the challenges that are for Dundee university itself, did incompetence of people at the top of the organisation lead to the situation?

Professor O'Neill: Certainly, mistakes were made and, I think, there were poor investment decisions, as I have said. There was a lack of discipline. There probably was not rigour, for example, in following through on savings commitments that were expected to be delivered in budgets. There were a number of problems that were internal to the organisation, and there was not the appropriate oversight at executive and court levels of some of those decisions.

The Convener: There was incompetence at the executive and court levels.

Professor O'Neill: You could say that, perhaps, yes.

The Convener: Would you say that? You said that you would give us honest and frank answers. Do you believe that there was incompetence at the very top of Dundee university, in both the executive and the court?

Professor O'Neill: There were gaps in the competence that you would expect in the leadership, yes.

The Convener: Does that include yourself?

Professor O'Neill: I do not believe so, no.

The Convener: You have been involved in this for a long time. Was there no point at which you saw the writing on the wall—the issues that are

now coming to the fore? If not, is that not incompetence?

Professor O'Neill: I dealt with the information that was available to me as a member of the executive. My previous role was provost and deputy to the vice-chancellor. My primary responsibility was to lead academic strategy, having the deans report to me and so on, to make sure that we were delivering on the academic front. I was not primarily responsible for the financial strategy of the university.

The Convener: When did you first become aware of the £35 million shortfall?

Professor O'Neill: The extent of the deficit that we were facing became obvious early this financial and academic year.

The Convener: When did you first become aware of that figure?

Professor O'Neill: It was probably around October or November that the scale of the deficit became clear, when we were able to assess that our international student fee income had fallen well below the budgeted expectation.

The Convener: At no point, up until early in the academic year, did you have any concerns. Even with your heavy involvement in the university for many, many years, you had no concerns at all about its financial management until you were shown these figures.

Professor O'Neill: We knew that we were facing some stresses financially, like many other universities—

The Convener: What questions did you ask about that?

Professor O'Neill: We were planning to do some organisational restructuring around making sure that we were addressing some of the imbalances in the organisation. We were working on that as an executive group. Last year, we were planning to do that. We were in the process of doing that when the figures made it obvious that we were facing a much more severe deficit than we had anticipated.

The Convener: Do you understand why students, staff and unions think that you are completely the wrong person to lead the university at this time, given your previous involvement?

Professor O'Neill: I do not know whether that is what students and staff believe. I think that there are lots of people on the staff who have a lot of confidence in what I am doing and the leadership that I am bringing.

I have a different style of leadership. We are working very differently as a leadership and executive group from how we had been working

previously. I have a reputation for honest and authentic management.

The Convener: You accepted a few moments ago that there was incompetence at the heart of the executive and the court—the upper echelons of Dundee university—which you have been part of for a number of years. How, then, can you be part of the problem but also part of the solution?

Professor O'Neill: I did not say that the incompetence was universally shared among all the senior officials in the university.

The Convener: Do you think that we have got rid of the incompetent ones and those who remain are the right people to take the university forward?

Professor O'Neill: I think that we are the right people to take the university forward at this moment in time.

The Convener: Tell me about your recovery plan.

Professor O'Neill: Our recovery plan is designed to get us to the right size, shape and structure so that we can continue to be a really successful organisation and address the kind of imbalances that have made it difficult to achieve strong financial trajectories in the past. We have set about doing that. We have done a lot of detailed work on how we can achieve the right size, shape and structure.

The Convener: If I am correct, the plan was submitted to the Scottish Funding Council on Thursday 6 March.

Professor O'Neill: Yes.

The Convener: The Scottish Government would have seen that the following day. Is that correct?

Professor O'Neill: Yes, I think so.

The Convener: How much extra funding did you ask for in your recovery plan?

Professor O'Neill: We asked for support with the immediate challenges.

The Convener: How much?

Professor O'Neill: We asked for £22 million.

The Convener: The recovery plan asked for an additional £22 million. Can I presume that that is part of the £25 million that the Scottish Government has put forward, or is it over and above that?

Professor O'Neill: That is the only ask that we have made and we understand that that is the money that has been made available.

The Convener: So, while asking for £22 million of additional funding, you are also suggesting that

the university needs to get rid of 632 full-time-equivalent jobs.

Professor O'Neill: The liquidity support, which is the money that we have asked for, will give us the time to enable us to restructure, and it is that restructuring that will enable us to achieve the right income and expenditure operating position.

The Convener: Are you saying that asking for more money would not have made any impact on the number of potential job losses?

Professor O'Neill: We asked for money to give us the time to enable us to restructure ourselves and to get to the right size and shape. We have not asked for additional money—we have asked simply for liquidity support to address the immediate challenges and, in effect, to give us the time to borrow from commercial lenders the money that we need for restructuring.

The Convener: How wide was the consultation on your recovery plan? Who did you seek advice, guidance and input from?

Professor O'Neill: We have engaged with our colleagues at court and with senior managers across the organisation in order to address the size and shape of different parts of the organisation. We have met regularly with our trade union colleagues to share the plans.

The Convener: Do you think that the trade unions support what you are putting forward?

Professor O'Neill: No, they are not supporting it.

The Convener: Who had the input? You can discuss things with the trade unions but I do not think they would support the suggestion that they had any input, so who had the input? Who came up with the 632 full-time-equivalent figure for job losses?

Professor O'Neill: We have had some professional external advisers working with us, the executive team has worked on the plan and we have had input from colleagues on court.

The Convener: How much will the university save by losing 632 jobs?

Professor O'Neill: It will save £49 million.

The Convener: You will save £49 million. How many actual people will be affected by the loss of 632 full-time-equivalent posts?

Professor O'Neill: I do not know whether I can answer that question exactly.

The Convener: Why not?

Professor O'Neill: We have calculated by FTE, so I do not know what the answer is.

The Convener: It will be more than that number. It is not 632.

Professor O'Neill: Some of the job losses will be part-time roles, so the number will be more than that.

The Convener: You do not have a clue what it is.

Professor O'Neill: I cannot quote the actual number.

The Convener: Can any of your colleagues do that?

Professor Blair Grubb (University of Dundee): We will come back on that.

The Convener: You will come back.

Professor O'Neill: We can come back.

The Convener: Mr O'Neill, you have said:

"The current financial crisis has challenged us to ask some very fundamental questions about the size, shape, balance and structure of the university."

What kind of questions are you asking if you are putting 632 full-time-equivalent jobs on the line and saying that there will be a massive reduction in your staff, while, at the same time, advertising for a transformation manager to be paid more than £200,000 a year?

Professor O'Neill: We will not be proceeding with that process.

The Convener: Good. Why did you start that process?

Professor O'Neill: We recognised that there are very significant changes to make. The professional advice that we have had, and the advice from our court, is that we need to ensure that we bring in someone with the specific skills and expertise involved in the significant restructuring of organisations to help us. There are gaps in the executive at the moment, so the executive is already stretched and there is a need for some specific skills to help drive us.

The Convener: When did you decide not to go ahead with that appointment?

Professor O'Neill: We decided last week because we felt that the idea was not understood or supported by key stakeholders.

The Convener: What do you mean by "was not understood"? What was there to understand about a £200,000 salary for a transformation manager that your university says is desperately needed? There was obviously going to be a backlash when you invite applications for a role of that size and that salary while cutting hundreds of jobs. Is it incompetence if you are seeking to recruit to that role while cutting jobs elsewhere?

09:15

Professor O'Neill: We were trying to address a skills gap that we felt was there, and we will be thinking of other ways forward now to address that gap.

The Convener: Is it because you got criticism and you thought that it was a terrible idea that you should never have progressed with in the first place?

Professor O'Neill: We have reflected on the responses that we have received and we are exploring other ways to address the skills shortage.

The Convener: When the court and the interim principal discussed the advertisement to recruit someone at £200,000 a year, was there no point at which anyone—anyone on our panel of witnesses—suggested, "This might look quite bad"?

Professor O'Neill: I do not recall.

The Convener: No one did. You say that you got rid of the incompetent ones and that the ones who are left are fine. We will see. I call Willie Rennie.

Willie Rennie (North East Fife) (LD): Thank you for coming—[*Interruption.*]

The Convener: We will pause for a second while we see whether there is an issue with the microphones. [*Interruption.*]

Sorry, we had a slight technical problem. We move to Willie Rennie.

Willie Rennie: Thank you for attending the meeting, Professor O'Neill. I know that it must be a stressful time for you as well as for everybody at the university. However, as you will understand, we have some difficult questions to ask.

Part of the recovery plan includes increasing tuition income. Will you set out in a bit more detail by how much and how student recruitment is going for the next academic year?

Professor O'Neill: I will pass that to my colleague Blair Grubb.

Professor Grubb: It is true that we have seen a significant change in income as a result of the decline in student numbers. That has impacted us in three ways.

First, our taught postgraduate student numbers have dropped by about two thirds over two years, which has seriously impacted our income. Those are mainly international students who are part of our cross-subsidy model. Secondly, there has been a big change in the number of students from the rest of the UK coming to Scotland. Part of that is down to cost-of-living pressures, and part of it is

down to a change in behaviour at other universities, particularly south of the border, where they do not have student number caps and can recruit as many students as they want. Those universities are lowering their grade requirements and recruiting more students, which has had an impact on us. Thirdly, we missed our home target for Scottish students last year by about 150 students.

Those three things taken together have impacted our finances quite significantly.

On the way forward, one of the criticisms that has been levelled at us is that we did not foresee what was happening. We did plan a 25 per cent reduction in international student income into the budget for this academic year. That has come to pass across the UK—there was approximately that level of decrease in international students coming to universities—but in Dundee we saw a larger decrease that was closer to 50 per cent. That was one of the unknowns that we did not predict, in terms of how the university would have to respond to it. We saw a bigger gap in our finances than we had anticipated from the planning that we had done during the previous year.

I have been working closely with the interim finance director, who is next to me, on the budget as we go forward, and we have been very cautious in our predictions on the numbers of students that we will be able to recruit. I am pleased to say that the number of home students who have applied this year is up by 2.3 per cent. We will have to see how that pans out. Clearly, the current situation and the press coverage around Dundee mean that we will have to work hard on conversion to make sure that we recruit the appropriate number of students to the university to fill our student numbers for home students.

The international market is uncertain but we have put in cautious predictions for the number of students that we will recruit going forward, and we think that that budget target is achievable, based on our best intelligence. It is a modest increase, but it is very modest and it is based on data and information that we have about target markets.

Willie Rennie: What about students from the rest of the UK?

Professor Grubb: That remains challenging. Because, as the principal said, universities across the UK are under considerable financial stress at the moment, we are seeing English universities trying to take on more students, and in particular those termed home English students, which makes it less likely that UK students will come to Scotland. We have seen a slight increase in the number of applications from UK students—it is up by 3 per cent. However, we will have to wait and see whether that ultimately converts into more

students coming to Dundee. We are working hard on conversion, obviously.

Willie Rennie: So it is all pretty modest.

Professor Grubb: We are going for modest growth, because one of the criticisms was that we did not meet the suppressed target that we set for ourselves this year. Given that, we do not want to be overoptimistic. To make the same mistake twice would be wrong.

Willie Rennie: So when you say in the recovery plan that you are looking to increase income from tuition, that is not really a big part of the plan.

Professor Grubb: We have modest ambitions on growth. The data shows that there is growth in international markets—there is evidence that there will be growth in the UK—but we have to take our part of that. We are being very cautious in our estimates in that respect.

Willie Rennie: My next question is about alternatives, because your staff say that there is a different way forward. You have set out this morning, principal, that £49 million will be required in one way or another. The bulk of what you do requires staff, so the main costs are for them. Is there any way of avoiding the 632-plus figure—whatever the actual number is—in any staff reduction? Is an alternative possible? When you say that you are interested in alternatives, are you really?

Professor O'Neill: We are definitely open to other ideas and suggestions. In the first instance, we will work with the SFC to see whether there are other possibilities for doing this differently—at a different pace, perhaps.

Given the urgency of the financial crisis that we face, we have come up with a plan that we feel represents the most straightforward way of getting on to a more secure financial trajectory for the future. It was very much written through a financial lens. However, we are open to other suggestions, from colleagues or anyone else, about finding another way forward. The plan represents what we have come up with so far, but there is a genuine willingness to explore alternatives.

What we have described is remaining within the three possible scenarios that we have been facing. Scenario A—which we are still working on; this is one variant of it—is that we continue as a recognisable entity, which is the University of Dundee. We have to be the right size, shape and structure—all of that. However, that is not the only possibility. There are others, which we have sought to avoid. Scenario B might be a form of merger or break-up, or some other major structural change. In that case we would not be recognisable as the institution that we are now. Scenario C is that we cease to exist. We have been very much

avoiding scenarios B and C, but we know that they are alternatives. Scenario B is certainly an alternative that we might have to look to if we cannot deliver the recovery plan.

Willie Rennie: It sounds quite threatening when you say that the university might not exist. Is that the kind of approach that we should adopt?

Tricia Bey (University of Dundee): Would you mind if I chipped in? Good morning, everyone. Thank you for the opportunity to be here. I speak as the acting chair of the university court, and I have been in that role since 6 pm on 17 February.

As I have the fiduciary duties of a charity trustee as well as being part of the university collective, it is very clear to me that we are in a grave cash crisis. Without the very welcome liquidity support from the SFC, we will run out of cash at the end of June. Therefore, we cannot simply say, "Let's just think about this for a few more years."

The legal element of that—the advice from our lawyers—is that we must bear in mind the real possibility that we become insolvent. I agree that the language sounds threatening but, from a legal point of view, it reflects our responsibility as charity trustees. Should we find ourselves on the verge of insolvency—which is a slightly odd expression, because nobody quite knows what the word "verge" means in that sense—we will need to bring in insolvency advisors. That is plan C, which is in fact not a plan, because absolutely nobody wants to get there. However, I must accept that it is my responsibility to bear that possibility in mind. It is not a threat; it is just a legal responsibility—a harsh one, but I accept it as part of my new duties.

Willie Rennie: Principal, you or your colleague referred earlier to a modest increase in home student fees. However, those fees are cross-subsidised by international students, and if the international student numbers stay as low as they are, then is it not a greater cost to bring those students in? I suppose that I am leading to my question about the wider financial model in Scotland: is your recovery dependent on a changed model for the finances of universities as a whole?

Professor O'Neill: We operate in, and must deal with, the environments that are set by politicians and policy makers. We have dealt with that issue. As I said at the start, every university in the UK, to varying degrees, has got used to the need for cross-subsidy, particularly from international tuition fees, to fill existing gaps in relation to other work that we do.

As Blair Grubb said earlier, we have had to be cautious about the projections that we have done, because we do not want to get this wrong and assume growth in international tuition fees that will be impossible to deliver. We have had to learn

lessons from the past, and there was excessive ambition, perhaps, in some of the past plans.

We are working really hard to try to ensure that we are addressing all the opportunities that exist. There is a shift in the international climate and the opportunities are very different now because of the changes in visa regulations.

We have been able to work successfully in the funding environment that we find ourselves in. The need for cross-subsidy leaves you vulnerable when other policies change—as has happened, of course, for the higher education sector in general. However, we need to find a way to work successfully in the policy environment that is presented to us, which is what we have tried to do in developing the recovery plan.

Willie Rennie: Would you support a change of the financial model in Scotland, then?

Professor O'Neill: It is an issue for wider society, but we would be very open to discussions. Vulnerabilities and pressures come on to universities when other policies change, because of that position that we have been in of needing to cross-subsidise, so we would welcome that conversation and review—indeed, I think that every university would welcome that.

Willie Rennie: I have a final, quick question. Is the Kirkcaldy campus under threat?

Professor O'Neill: No.

Willie Rennie: Thank you.

The Convener: I call John Mason.

John Mason (Glasgow Shettleston) (Ind): Good morning. I was having a look at your latest financial statements, which I think are the July 2023 ones. Am I right in saying that the July 2024 ones have not yet been published?

Helen Simpson (University of Dundee): Yes.

John Mason: Can you give us a timescale for their publication?

Helen Simpson: We are working very closely with our auditors to complete the audit of those financial statements, and we are planning to submit those audited financial statements by the end of April. That is our intention. We are working very closely with our external auditors.

John Mason: Right. Last year, the statements were out in December, I think.

Helen Simpson: They were.

John Mason: Is the audit taking longer this year because of the problems?

Helen Simpson: Correct.

John Mason: Is the auditor still Ernst & Young?

Helen Simpson: It is, indeed.

John Mason: I will pick out a few points out of the previous accounts that we have. The first is the auditor's opinion that the university was still a going concern in July 2023—in fact, it presumably thought that it was still a concern in December, because it did not sign the accounts until then. It said:

"Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and institution's ability to continue as a going concern for the period to 31 July 2025".

I presume that you and the auditors were happy with that statement. At December 2023, there were absolutely no worries about the university being a going concern. Is that correct?

09:30

Helen Simpson: I was appointed as interim director of finance to the university in November, so I was not there at the time. I apologise, but I am not in a position to give a statement on that.

It would not be appropriate for me to speak on behalf of Ernst & Young—that would be a question for it. All I can say is that, when I was approached to join Dundee university, I did not expect to be sitting here today and defining the position that the university was in. I take the opportunity to say that I regret that the university is in this position and, on behalf of the university, I apologise that we are in this position.

John Mason: That is appreciated.

The Convener: Professor O'Neill, do you want to answer John Mason's question?

John Mason: I was going to ask whether any of you were there at that time. I presume that the auditors do not come out with a statement like that out of the blue. They will have discussed it with you or your predecessors. I presume that, in December 2023, you were convinced that it was a going concern.

Tricia Bey: I can add a bit more colour to that, if you would like. At that time, I was serving on the audit and risk committee. Not only were we given information that convinced us at the time, but up to the last audit and risk committee meeting on 22 October 2024, when we were looking to have this year's accounts signed off, there was a statement of going concern and we had been persuaded by our finance team that the university was still a going concern. The auditors were about to sign the accounts off, and two weeks later, at a court meeting on 12 November—a date that is etched in all of our memories—we were told by the principal that, far from being in the financial situation that we all thought that we were in, including being

able to sign off this year's financial accounts as a going concern, the position was very different. To be precise, 12 November was the date on which we learned, for the first time, at court, that our financial position was very different, and we had a deficit of £30 million. The financial accounts then needed to go back to the beginning so that we could find out what was really going on.

Helen Simpson came in around the beginning of November, I think, and we have since been trying to work out what the real position is. We are, of course, not considered to be a going concern in quite the same way, and the auditors will have a different opinion this year, just to be very clear.

John Mason: Thank you. The accounts talk about the committees, including a finance and policy committee and an audit and risk committee. I assume that there are similar committees now. Could they have been very thorough in their questioning, if what happened was such a surprise last autumn?

Tricia Bey: Was that for me?

John Mason: I do not mind who answers.

Tricia Bey: From a governance point of view, you can work diligently, thoughtfully and sensibly, but you can only make decisions on the basis of the information that you are given. If you have been given information that subsequently proves not to be accurate, it is—

John Mason: Could you expand on that a little bit? Were you actually given false accounts, or was it more that the commentary was misleading?

Tricia Bey: The subject of what was actually going on and who knew what, when and where is for our independent investigation. It is the point of the independent investigation, because there were some people who were in that ecosystem, let us say, who are no longer with us and it is therefore difficult for us to interrogate them.

The Convener: What you are able to tell us today is what you knew. You prefaced your opening remarks by saying that you were a member of the audit committee—

Tricia Bey: Exactly.

The Convener: So, tell us what you knew. Was there, as Mr Mason asked earlier, a lack of information? Could you have got more narrative around it, or do you believe that you were given incorrect and misleading figures to approve?

Tricia Bey: I think that we were given information that said that the budget that we had set back in June 2024 was going to be delivered. However, it transpires that that was predicated on the delivery of a large amount of savings that were not then delivered. So the information was—I do not know—perhaps an aspiration that the

university would be able to deliver these savings. We were not kept in the loop on a day-by-day basis as to whether they were being delivered, and at the end, it transpired, again partly due to Helen Simpson's work, that they were not actually going to be delivered. If we crystallise all those savings that were supposed to be delivered that are not being delivered, you have the explanation for why there was such a big change. However, that was not made clear when we were looking at the draft accounts on 22 October.

John Mason: My colleagues might want to come back in on some of that stuff, but I want to look at some specific figures in the accounts. At July 2023, the cash balance was £74 million. Are we saying that from July 2023 to this June—which is when I think that you said that you are going to run out of money—that £74 million in cash has been lost? Is that the case?

Helen Simpson: Between that financial year end and the end of the last financial year—that is, the end of July 2024—the cash dropped from just over £70 million down to just over £30 million. It was a significant drop. Also, if you look back to the preceding year's financial statements, you will see a trend of declining cash.

John Mason: Okay. I saw one amount in particular—a spin-out of £40 million, which was being held separately. Is that correct? It was included in the £74 million, but it was going to be used for strategic investment. Has that £40 million been used, or is it still there?

Helen Simpson: That cash was used—and it was not technically ring fenced. It could not be ring fenced in an accounting sense. Again, I must be very careful what I say, because I was not in post at the time, but I can say that that cash was used.

John Mason: I got the point that that was an internal decision.

The unrestricted reserves looked quite good in July 2023, at £161 million. Can you give us an idea of what they were last July?

Helen Simpson: I cannot speak in detail about last July. I do not know whether Tricia Bey wants to come back on that.

Tricia Bey: I cannot. I have this year's draft accounts here, but I am afraid that I do not have that particular piece of information at my fingertips.

John Mason: If you have the draft accounts there, are you able to tell us what the deficit per the accounts would have been up to July 2024?

Helen Simpson: At the end of July 2024, there was an operational deficit of £12.3 million. The university ended the year with just over £30 million in cash—a sharp decline from the previous year, and there had been a decline from the year before

that—and an operational deficit of £12.3 million. It entered this financial year with an operational deficit, reduced cash, a budgeted deficit and a high level of savings assumptions.

John Mason: I have one more question. This might not have been decided yet, but, with regard to last year's accounts, is any of the capital expenditure having to be written off? There is a suggestion in some of the information that we have had that some of the capital decisions were not great. Are you having to write off any past capital expenditure?

Helen Simpson: In terms of previous financial years, again, I have to be careful, because I was not the finance director at that time, but there were write-offs of some aspects of capital investments. So, yes, there were impairments.

John Mason: Can you put a figure on that at all?

Helen Simpson: For the years in which I was not the finance director, I will come back to you, if I may. However, there were impairments.

John Mason: Thank you very much.

The Convener: I call Jackie Dunbar.

Jackie Dunbar (Aberdeen Donside) (SNP): I have a couple of supplementaries. You said that there was a deficit in July 2024. Did that not cause anyone concern? Was it not raised as a concern?

Helen Simpson: I was not there at that time—I apologise. I am so sorry, but I cannot answer that question.

Jackie Dunbar: Someone has to take responsibility, so the question I am asking is this: did someone not say, "Actually, there's a problem here. We need to take responsibility for this"?

Helen Simpson: What I can say is that, when I arrived at the university, I was extremely concerned about what I found. I was concerned about the financial position, and I was also concerned about the cash position.

Jackie Dunbar: When did you raise that concern?

Helen Simpson: I raised it at the end of my first day at the university, and I also raised it on my second working day. There was a court meeting on 12 November. I was concerned, quite quickly after arriving at university, about the financial position, particularly the cash position. It quickly became apparent—or it appeared to me at the time, and my view has since been validated—that the university was very unlikely to have sufficient cash to get itself through to the end of the financial year.

I am being very honest here. I am saying what I found when arrived at university, but what I cannot say—and I apologise for this—is what concerns were raised about the £12.3 million operating deficit. What I can say is that, when I attended the court meeting on 12 November, I advised the court that that was the operational deficit. I also highlighted the cash position, and I advised the court that, in my opinion, it was not in a position to sign off the draft financial statements at that meeting.

The Convener: Professor O'Neill, I think that you wanted to come in, too.

Professor O'Neill: Last year's operating deficit of £12.3 million was only really crystallised for executive and court members last November. There was a financial review of the year that led executive and court colleagues to believe that the operating performance last financial year—indeed, right up to the end of the year, when the budget was set back in June—was actually much closer to a break-even position. It was the understanding of executive and court members that we were close to break-even towards the end of the last financial year, but it turned out, and was only fully explained later, that the deficit was significant at £12.3 million.

Jackie Dunbar: I am finding it a bit difficult to understand how, in the previous financial year, there was no difficulty, and then someone chapped on somebody else's door and said, "Oh, hold on—we might have made a mistake somewhere."

Where were the checks and balances in all of this? In my former role as a councillor on an audit and risk committee, one of the basic questions that I asked every time was, "Are you convinced that you can put this in place by X date?" If the answer was yes, I could go back later and say, "Why has that not been put in place?" Why were no concerns reported back to the audit and risk committee—as I think that you called it, Ms Bey? Why were they not raised? Why was the audit and risk committee not saying, "Hold on a minute"? You have said that a large amount of savings was not going to be delivered, but what checks and balances were there when someone said, "This is the large amount of savings that we are going to deliver"? Why was someone not reporting back every month to say, "We have made X amount of savings this month, we will make X amount the next month, and this is what we are foreseeing"?

I am finding it difficult to understand that—and my apologies if I am getting it completely wrong.

Tricia Bey: You are not getting it wrong at all, if I may say. We were asking questions, and we were being told that, actually, things were fine. There was, until very late on, a high degree of

confidence that we would reach and meet the budgeted amount. Some of us are as baffled as members of the committee are, and we are looking forward to this investigation finding out what was actually going on behind the scenes. If we are being told—

Jackie Dunbar: So, who was responsible for misleading you, if I can say that?

Tricia Bey: I am afraid that I am not going to answer that. That is for the committee.

Jackie Dunbar: I am just trying to find out whether that is being addressed. Are you ensuring that this will not happen ever again at Dundee university?

09:45

Tricia Bey: All I can say just now is that the panel sitting in front of you is made up of an interim finance director, an interim principal and a depute who is standing in until we manage to appoint a new full-time chair. That suggests that the people who were in those roles are no longer in those roles. The investigation may draw its own conclusions from that.

Professor O'Neill: All of the questions that you are asking are very clearly set out in the terms of reference for the external investigation that is about to begin. All of what we have asked is well covered there. These are questions we have been asking, too, and we need answers to them.

I can tell you that there was—if you like—misleading information; there was a false assumption that towards the end of last financial year we were close to break-even. That was the way in which we were operating in the university, and that was the way in which I was engaging with deans as budget holders and so on.

That turned out not to be the case. We were well off a break-even position, and that only became clear in November. All of the failures in reporting at executive and court level are very clearly subjects of the investigation, because we do need to know why these things were not being reported. Indeed, the deterioration of the cash position was not being reported with the regularity, the rigour and the alerts that it should have been reported with. We still have a lot of questions, and they will come through in the investigation.

Jackie Dunbar: That was just a supplementary, convener. I have other questions, if I can come back in later.

The Convener: Do you believe that there was criminality involved?

Professor O'Neill: I have not seen any such evidence. No evidence has been brought to my

attention that there has been any criminality involved.

The Convener: So, you think that withholding information and not providing the full facts are legitimate and above board.

Professor O'Neill: No, I do not believe that that was legitimate.

The Convener: I mean, within the law.

Professor O'Neill: I am not an expert on criminal matters. I have not seen any such evidence, and nobody with any professional expertise in the area has alerted me to it. We are asking those questions, though, so we are open to that.

The Convener: So are we.

Professor O'Neill: Yes.

The Convener: You have mentioned the external review a few times, and you have said the terms of reference have been—or are being—finalised.

Professor O'Neill: They have been finalised. They are about to be published today, I think.

The Convener: When the Minister for Higher and Further Education was here in the first week of January, he was talked about the review and how we as the Parliament would get to scrutinise it. However, we are now in mid-March and the review has not even begun yet. Why is that?

Professor O'Neill: We prioritised the development of the recovery plan as, clearly, the most urgent task in hand was to make sure that we—

The Convener: Hold on—the recovery plan was out last week. It is being published on Monday. You have also said that you have completed the terms of reference for the review, and that they might be published today. Clearly, you can do both things at the same time.

Professor O'Neill: Yes, and we have been. However, we were very much focused on the delivery of the recovery plan in the first instance.

Tricia Bey: Perhaps I can make a supplementary comment, if I may, convener. Originally, we decided to prioritise the recovery plan. At the time, we thought that we would be doing the investigation, too, because we were not aware of everything that has since come to light. As time went on, our SFC colleagues said that it would be sensible for us to co-sponsor the investigation to give it another piece of independence, and we have been working with them on developing the terms of reference. I think that you will be talking to SFC colleagues after us, but I think that, only yesterday, the chair of the

investigation was appointed—I do not know whether it was by the cabinet secretary—and they are effectively independent. I think that colleagues will be telling you about that.

So, the thinking on the investigation—that is, how it takes place and how we can ensure that it is independent—has developed over the period of time. That is a partial answer to your question why it has taken slightly longer than we had originally anticipated.

The Convener: So, you are confident that the investigation will be fully independent. I should say that the committee has seen examples of organisations believing that being peer reviewed by someone outwith them was enough. You are confident that the investigation will be fully transparent, open and accountable, because it is independent.

Tricia Bey: Yes.

The Convener: What is the timeframe for it?

Professor O'Neill: Well, it depends. I think that the SFC will be announcing today the person who has been asked to lead it, but it will depend partly on that person's—

The Convener: When do you expect it?

Professor O'Neill: I would hope that it would be done in a matter of weeks.

The Convener: We would also hope for that.

Pam Duncan-Glancy (Glasgow) (Lab): Good morning, and thank you for answering our questions so far. I echo Willie Rennie's comments about how difficult the situation is. You will understand that, as a result, we have to ask some difficult questions.

Before I ask my questions, I want to clarify something to help me understand a point. Tricia Bey, you mentioned that you were part of the audit and risk committee. We have just heard from Helen Simpson that she was able to understand within a day that there were concerns and I think that I heard her say that there had been a trend in the wrong direction—those were not her actual words but that was the generality. Why did you not see that?

Tricia Bey: Perhaps the answer to that is about the difference between governance and management. In governance, and in the way that I have always operated in my years in that world, you believe the information that is being brought to you. If you do not believe what your principal, your finance director and the team are delivering to you, then either we are the wrong people or they are the wrong people. We believed the information that was being given to us.

Perhaps this will come out of the review as something that one should do, but we do not go back to source material, because that is in effect asking your finance director to prove that what they are saying is true by giving the source material. That is not how we operate. However, Helen Simpson, as the finance director, could ask her team to show her the source material to show what is actually going on, which clearly she did, because that is part of her realm of responsibility. If one says, "I do not believe what you are giving me—can you show me all the detail underneath it?" it surfaces something bigger, and that is not actually the way that universities operate.

Again, it might be said that the separation between governance and management is inappropriate or appropriate, but that is how we have operated.

Pam Duncan-Glancy: You got different information to that which came to light for Helen.

Tricia Bey: Yes, because she is an executive and we are governors.

Pam Duncan-Glancy: Thank you. That is helpful.

I want to talk a little bit about the job losses. We have heard this morning about the numbers, and the University and College Union has called it a hammer blow for hard-working staff. I have no doubt that it will have a huge impact on the staff and students of Dundee as a community and as a city. I do not think that that impact can be overestimated, and I hope that you know that.

Principal, you said earlier that the decisions that have been made to date have been financially driven and that you are now looking at the wider impacts. Before proposing some of those reductions in staff, did the university undertake an evaluation of the long-term impacts that those cuts might have on the ability to deliver high-quality teaching in the future?

Professor O'Neill: We did. As part of developing those plans, we reviewed opportunities for efficiencies in how the programmes that we were continuing to offer would be delivered. We looked for opportunities to reorganise and restructure where we could, to streamline activities and bring teams together where they were separate, such as restructuring from a school system to a faculty system.

Pam Duncan-Glancy: Was that based on finances, as opposed to what students and staff might need going forward?

Professor O'Neill: It was based on finances, but we were also mindful of maintaining the quality of service that would be expected to produce and deliver high-quality programmes.

Professor Grubb: For the past few weeks, we have taken a risk-based approach to how we are going to deal with potential changes in staffing at the university. We have had a clear decline in student numbers and, looking at programme and module enrolments, we can see programmes and modules that have become unviable. We are evaluating those programmes.

We have set ourselves a target of reducing the total amount of teaching, particularly of optional modules that students receive, but we are also closing some programmes that lose money because they do not have sufficient enrolment.

Pam Duncan-Glancy: Can you give us an example of some of those modules?

Professor Grubb: Reducing module optionality where it is excessive is quite simple, and we can provide a list of programmes in due course. Without picking out individual programmes, we look at programmes where there has been very low enrolment, particularly in the postgraduate taught domain. As I said earlier to the convener, the postgraduate taught element is where we have seen the biggest decrease. For example, in our school of business, we have many programmes and pathways, and we will definitely reduce the complexity of that offer to make sure that it is more focused and targeted at what applicants want and can deliver a surplus on every programme.

Pam Duncan-Glancy: I have a question about that specific issue. It has been reported that the school of business will have significant and disproportionate cuts, but some staff have said that the school is currently generating a surplus. How does that square with what you have just said?

Professor O'Neill: The business school has seen a steep decline in its student numbers. In a way, there is a very different impact in terms of the job losses across different areas. You would expect that, where student numbers have declined more steeply, there would be a parallel expectation of staff reductions in those areas. The business school grew very rapidly during a couple of years of steep growth, and a lot of investment was made in it, with additional staff to teach those larger student numbers.

The area is following the same pattern as other areas, in that the students are not there any more—the students that we expected and planned for are not there. We have had to look at the school to ensure that we maintain a healthy student-staff ratio, which is another of the criteria that we have used.

Pam Duncan-Glancy: Were the numbers of international students in that school increasing or decreasing?

Professor O'Neill: They were very much decreasing in the past year—they have fallen severely.

Pam Duncan-Glancy: In a similar vein, we have also had representations on the Leverhulme forensic science research centre, which is reportedly at risk of closure, with all 24 jobs there under threat. Staff have been told that that is a result of the research grant coming to an end. If that is the case, why were PhD students recruited within the past year to begin a four-year course, when the research positions are now in jeopardy?

Professor O'Neill: The research funding is coming to an end, but that is separate from the major restructuring that we are talking about. There was a substantial 10-year grant from the Leverhulme Trust to establish the centre. Work was done to see what could be sustained beyond the life of that grant, which ends in summer 2026. However, we do not see a sustainability plan emerging, so we cannot keep the centre open beyond the life of the grant.

Pam Duncan-Glancy: Presumably, you knew the length of the grant a year ago, but you still recruited PhD students for that.

Professor O'Neill: We have expertise in forensics beyond the Leverhulme centre, and we are confident that we will be able to manage the supervision of those students.

Pam Duncan-Glancy: If there were a viable case for the continuation of the centre, who in the university would be responsible for making a decision about that?

Professor O'Neill: That would be the university executive.

Pam Duncan-Glancy: What other options are you exploring for the centre?

Professor O'Neill: We have explored several options, such as whether additional teaching income could be generated to offset some of the loss of the grant income and so on. We reviewed the various options that were put before us, and we did not think that they were sufficient to maintain the centre. We have alternative plans, because we have strengths in forensic science more broadly in other parts of the university. We will continue to have a strong offering in forensic science and in education programmes that are offered through other areas in the university.

Pam Duncan-Glancy: Will the 24 people whose jobs are under threat as a result of the closure benefit from what you are saying?

Professor O'Neill: That was always part of the encouragement that they were given to develop a sustainability plan—it was about whether they could collaborate more closely with the others who

offer programmes in cognate areas across the university. That did not emerge in their thinking as part of the plans. That could be part of the consultation that we are undertaking at the moment with those staff.

Pam Duncan-Glancy: I am sorry, but could you explain that a bit more? What do you mean by talking about how linked they are with other parts of the university?

Professor O'Neill: We have strengths in other parts of the university in other areas of forensic science and, as part of the sustainability plan, they were encouraged to think through collaboration, developing new programmes and so on. Those did not emerge as clear proposals in the plans that we got to review at the university executive level. Therefore, the decision had to be taken that we could not see a sustainable pathway forward for the centre.

Pam Duncan-Glancy: So those 24 members of staff did not secure their own future—is that what you are saying?

Professor O'Neill: There was not a sustainability plan that we felt that we could support.

10:00

Pam Duncan-Glancy: Okay. Other colleagues might have questions on that.

In a similar vein, some of the job losses in the dental and medical schools have been drawn to the committee's attention, and I know that other members would like to ask detailed questions on that. What discussion has the university had with the national health service about the potential job losses in those areas and the impact that they could have on recruitment?

Professor O'Neill: We have a close partnership with the NHS, but we have not had direct engagement with it on the plans. We have taken forward the plans with a view to protecting programmes and ensuring that we still have strong programmes.

Pam Duncan-Glancy: Has the Scottish Government been involved in that conversation?

Professor O'Neill: The issue came up in conversations that I have had in recent days, but not directly.

Pam Duncan-Glancy: In what way did it come up?

Professor O'Neill: I was asked a similar question to the one that you are asking, and I answered it. We have made sure that we are developing our staffing proposals in the recovery

plan in such a way as to maintain strong provision in those subject areas.

Pam Duncan-Glancy: Is that enough provision in those subject areas?

Professor O'Neill: That is our commitment. We are convinced that that is the case.

Professor Grubb: We are absolutely on track to matriculate to target for medicine and dentistry for the next academic year. Application has been very strong for those controlled subjects, and we are confident on that. I have spoken to the dean of dentistry and the dean of medicine, and I think that they are confident that we can still deliver the programme, despite the cuts.

Obviously, it is a challenge. In areas such as dentistry and medicine, you have real specialisms in the teaching provision, because of the number of specialisms in those disciplines. It is important that we make sure that we do not have too many single points of failure—that is a critical issue. We are addressing that through our planning as we go forward and thinking about what the teaching plan should be as we resize. That is very much part of our consideration.

Pam Duncan-Glancy: Okay. I know that colleagues have specific questions on that.

On the split of academic staff and support staff, Unison said yesterday that morale among support staff is “at an all-time low”. I imagine that the situation will be making things much more difficult. What consideration has been given to the impact of reductions in support staff on the remaining staff in the university and on the students?

Professor O'Neill: With all elements of the plan, we have tried to think through carefully how to maintain the right quality of service and so on. Although restructuring provides opportunities for efficiencies and to deliver financial efficiencies with a lower staff base, we have very much tried to ensure that there will be a manageable workload and a manageable number of staff to deliver the services that we expect to be able to deliver to maintain good-quality provision.

Pam Duncan-Glancy: What information have you based that assessment on?

Professor O'Neill: It is based on the planning information that has come through the conversations with deans and directors as to how their teams could be reconfigured in future.

Pam Duncan-Glancy: I have one very short final question. The Government has said that the SFC and Universities Scotland should help and that you guys should look at what you need to do. Who has the convening power to help you out of the situation that you are in?

Professor O'Neill: We are in a close working partnership with the SFC at the moment. It is the agency that we have been advised to work with closely on the recovery plan, to explore the options that we want to explore and see what might be possible in terms of modifying the proposals that we have already put out.

Pam Duncan-Glancy: What about the Government?

Professor O'Neill: My understanding is that we engage with the SFC and it liaises with the Government. If required, we can have conversations with the Government, but we are engaging directly with the SFC.

Pam Duncan-Glancy: Thank you.

Jackie Dunbar: You spoke about the recovery plan. Who has been involved in creating it? Have the union, staff and students been invited to give any input?

The Convener: We heard about that earlier.

Jackie Dunbar: Yes—I didn't quite catch it, though.

Professor O'Neill: I answered that earlier. We have engaged with staff, unions and students, but the recovery plan has been the responsibility of the executive group.

Jackie Dunbar: Were they able to input, though? I know that you engaged with them, but to me that is slightly different. Engaging with someone is telling them, “We're going to have a recovery plan.” Asking people for input and ideas on the best way to go forward with a recovery plan is slightly different.

Professor O'Neill: Our engagement has allowed opportunities for, say, our trade union colleagues to put new items on the agendas of the many local joint committee meetings that we have had with them. We have shared our thinking with them and asked them whether they have any perspective that they want us to consider as we take the next step. I would say that there has been a request for input as well as just engagement.

Jackie Dunbar: I am pleased to hear that.

With regard to the 632 redundancies, I think that it was Professor Grubb who said that modules would be affected. I am sorry again if I did not quite hear it, but will any courses be affected? Will you still run the same courses in the university, albeit slightly differently?

Professor Grubb: Clearly, we cannot run courses at a financial loss. The reduction in student numbers, particularly in the top postgraduate arena, means that we will need to consider whether we can afford to run all the courses, particularly in that portfolio. We are doing

some rationalisation of those courses, as I said. I gave the business school as an example, but we are not doing this exclusively in that area. We are looking at rationalising the number of programmes and pathways that we offer, so that each programme has a reasonable cohort and the modules that are contained in that programme have a good enrolment of students. That is a lean and efficient way of operating those programmes. That is being replicated across all the schools in the university and, as we move to the new proposed faculty structure, we will look to carry that work on.

Obviously, we will lose staff, and we are very cognisant that we cannot expect the staff who remain to do all the teaching that was previously delivered. We need to rationalise that to ensure that the workloads of the staff who remain are manageable, that we continue to deliver high-quality programmes and that our students are well supported. The approach that we are taking is very data driven and evidence led. We are trying to get to the position where we have a really lean set of programmes.

We are also asking each of our academic areas to look at new programme development. For example, we have just given permission for a new online MBA programme to be developed in the university and, in recent weeks, a number of proposals have come through our programme approvals group, which I chair. That is part of the growth agenda that Mr Rennie spoke about earlier.

We are working hard on not only rationalising teaching, but looking for future growth opportunities, because—you are right—we need a balance of both in order to get to where we need to be. I hope that that answers your question.

Jackie Dunbar: Not to put words in your mouth, but will some courses have to be dropped, for the reasons that you mentioned?

Professor Grubb: Uneconomical courses will have to be closed.

Jackie Dunbar: How soon will the students who are actively doing the courses be told?

Professor Grubb: We will need to ensure, wherever possible, that we teach out our programmes—that they are taught to completion and that students can graduate.

Jackie Dunbar: So, you expect those who are currently doing their course to finish it—

Professor Grubb: Of course, yes.

Jackie Dunbar: —but the course may not continue after those students finish.

Professor Grubb: That is possible, yes.

Jackie Dunbar: Thank you for that clarification.

Professor Grubb: Wherever possible, we will do that.

The Convener: “Wherever possible” is an interesting phrase. Will there be possibilities of that not happening?

Professor Grubb: It is unlikely. However, I genuinely think that you raise a good point. The issue is that losing key staff in core areas could have an impact on how we deliver a course and we might need to think about that. I am working hard to mitigate that situation and to ensure that that does not happen, because we need to reduce that to an absolute minimum, but I cannot rule out some challenges as we reduce or that we lose some staff who might have a particular speciality.

The Convener: What happens to the students in those circumstances?

Professor Grubb: There are several possibilities. One possibility would be that we remodel the course. In extreme circumstances, it is possible that students could transfer to other universities. However, we have not planned that out at the moment.

The Convener: And there are no discussions with other universities at the moment.

Professor Grubb: None at all.

Miles Briggs (Lothian) (Con): Good morning. I thank the witnesses for joining us.

Further to that line of questioning, I have seen an email that was sent to students that basically states that the university is planning a restructure, as you put it, involving its eight academic schools being put into three faculties. The email says that that will involve bringing together existing academic areas into a larger administrative structure but that that will not affect the delivery of the programmes that students have applied for. However, from what I have heard, there will be an impact. Is that not what you are trying to say, Mr Grubb? That email, which went to potential students, says that there will not be an impact, but there will be.

Professor Grubb: The restructure will not impact existing students but, for prospective students, we might withdraw some programmes from our online prospectus and not admit students to those programmes. If we withdraw a programme that someone has applied for, we will ensure that we offer them equivalent alternatives. For example, in relation to our broad business suite, we might truncate the number of pathways or reduce the number of programmes, but alternatives, which will contain many of the elements that students might have studied in their

original programme, will be offered. We will mitigate the situation in that way.

Miles Briggs: The recovery that you have outlined is predicated mostly on more students coming to the university. If you were a student or parent seeing all this instability and negative publicity, would you apply to Dundee university?

Professor Grubb: You are right that the situation is clearly challenging right now. The key thing for me, as the VP for education, is that we need to get to a position in which we provide confidence in the university, so that we can convert students who have applied into actual matriculations, with students coming to Dundee university and having a high-quality experience. The sooner we get through this challenging period, the better, because we need to give everyone confidence. I am sure that we can get to that position, but there will be a challenging period before we achieve that.

Miles Briggs: I am interested in the recovery plan details. I understand that the reduction in the number of staff that has been outlined is phase 1. What sort of numbers are we talking about for phase 2? How many jobs could be at risk?

Professor O'Neill: We do not yet have a full recovery plan, but the remaining bits of work are not focused on staff reductions, so it is not true to say that we expect another big reduction in the number of staff being proposed. The reduction that has been announced is very much the impact on staff numbers that we foresee in delivering the recovery plan.

Miles Briggs: My colleague Pam Duncan-Glancy touched on the potential changes to dentistry, which is a controlled subject, as agreed with the Government. In relation to any potential Government bailout and the available funding, does the Government expect those numbers to be retained?

Professor Grubb: We have had no indication that the numbers will change. I can give you the exact numbers. The expected number of matriculations for dentistry undergraduates for next year is 46, and we have 47 accepts at the moment, so we are almost bang on target—we are within one. For medicine, the target is 179, and we have 180 accepts, so we are almost bang on target for both subjects.

Miles Briggs: In relation to merging, why is dentistry not being included in the faculty of medicine? What was the rationale for that?

Professor O'Neill: There were a number of considerations when we thought about what the proposed faculty structure might look like. There is a lot of close education and research collaboration between medicine and the life sciences, and they

are both quite big schools in our university, so it was thought that they would be a good match to come together in a faculty. There is also close collaboration between dentistry and, for example, the centre for anatomy and human identification, which is a forensic science centre within science and engineering. The views of the deans were taken into account.

We wanted a faculty structure that was reasonably balanced in terms of the size and scale of subjects and the collaborative opportunities in each faculty, and we came to an overall view. We considered whether clinical subjects should all come together but, on balance, we thought that the best configuration would be a different one.

Miles Briggs: The person who is not here is Professor Gillespie, and we need to get to the bottom of things in that regard. Apart from Ms Simpson, you have all worked with him. Are you saying that at no point until November were you aware of the financial crisis building and that you did not question him about what that would mean for the university? Did the court learn about the situation only on 12 November?

10:15

Professor O'Neill: Earlier, I referred to the stresses that we were aware of. Even in the last financial year, it was a far worse position than we were led to believe, at both executive and court level. As I said, we felt that the information that we were given indicated that we were close to break-even last year, even though some of us were definitely asking questions about the fact that our intake of students in the second semester in the last financial year was much reduced from what it had been. That meant that it was difficult to understand how we could be in a break-even position, but we were given assurances that that was the position. The extent of the problem became critical quite suddenly.

Miles Briggs: You were deputy vice-chancellor and provost during the 2021-24 period. All the governing procedures for the court require financials to be provided to the court. Was information on where the stresses were provided to the court? It seems that there was a lack of a joined-up understanding of where the university's finances were sitting, yet the court was content.

Professor O'Neill: From the point of view of the executive, the principal, as chief accounting officer, and the director of finance are the key people who liaise with the court in relation to the financial performance of the university and the financial plans. Tricia Bey might be able to comment from a court perspective.

Tricia Bey: I think that that is right. The principal of the university is the accountable officer. He is

informed by the director of finance. We ask questions, but we accept the information that is in front of us, once we have challenged it.

At the time, the court raised a number of challenges, such as whether we were sure that the growth and globalisation strategy was still consistent with the decline in student numbers. We asked whether that was still the correct path. That was the path that we had agreed in 2022, which was all about attracting international students and growing our impact around the world. We raised concerns about the student numbers dropping; we did not know that they were going to drop quite as dramatically as they did. We asked, “Is that still a consistent strategy?”, because we wondered whether it was. We were robustly assured that it was totally appropriate and that the university was committed to that path.

Miles Briggs: No members of the court—

Tricia Bey: I am sure that the investigation will say that there are other things that we might have asked but, in reality—in my reality—that is how the situation played out.

Miles Briggs: Do you think that the court has been incompetent in its work? The work of the court is really important for the governance of any institution.

Tricia Bey: It is an important issue for the whole sector. There has been a debate across the whole sector about the separation between governance and management.

Miles Briggs: The arrangement works quite well in most other institutions.

Tricia Bey: I am sure that it does. However, as far as we were concerned, the work that was done was done diligently, in the light of the numbers that we were given. It might transpire that the investigation says that there were other things that we should have challenged and that we should have pushed further on a number of different areas.

Miles Briggs: You had the freedom to do that, had you wanted to.

Tricia Bey: We were content with the information that we had been given. It might be proved that we were not robust enough. If that was the case, I am sure that that will come out in the investigation, and the university will have to learn from those things and change the way in which it operates.

The Convener: I am puzzled to understand what answers you could possibly have been given to your questions about the fact that student numbers were going down quite significantly that led you to believe that the university was still going to break even and was not going to make millions

of pounds of losses. What were you told that convinced you not to challenge that any further?

Professor O'Neill: We were given information by the director of finance.

The Convener: What were you told? Tell us what convinced you that there was nothing to worry about.

Professor O'Neill: We were told that the forecast indicated that the university was heading for a break-even position.

The Convener: But you knew that there was an issue, because you have said that you asked questions about it. In your mind, the fact that student numbers were going down raised concerns, so you must have had substantial guarantees to convince you otherwise. You cannot simply have been told, “Don’t worry about it.”

Tricia Bey: Can I—

The Convener: I will come to you in a minute.

Tricia Bey: I beg your pardon.

Professor O'Neill: We were given information that the review of the year and so on said that—

The Convener: What information?

Professor O'Neill: Papers from our then director of finance, which were indicating—

The Convener: What did they say?

Professor O'Neill: They said that we were still heading for a break-even position.

The Convener: How did they explain, with falling student numbers, how you could possibly have a break-even situation?

Professor O'Neill: I cannot recall in detail how they did that.

The Convener: It must have been a big light-bulb moment for you to then say, “Phew. That’s okay. We can relax—it’s not a problem,” but you cannot remember what that was.

Professor O'Neill: We had continued to grow in the first semester—unlike most institutions in the sector, we had grown in the first semester. I was prepared to believe that the information coming from the then director of finance was accurate.

The Convener: But you were duped.

Professor O'Neill: Well, it was not accurate.

The Convener: Ms Bey, do you want to come in?

Tricia Bey: It is fine, thank you.

Clare Haughey (Rutherglen) (SNP): What was the role of governance at the university?

Tricia Bey: Do you mean in its broadest sense?

Clare Haughey: No. What was your role in governance at the university? Earlier, you said that it was not to scrutinise—or you implied that it was not to scrutinise. Is that not the case?

Tricia Bey: I do not think that I said that it was not to scrutinise.

Clare Haughey: No, you did not, but you implied that it was not to scrutinise.

Tricia Bey: It was more that there is an acceptance of the numbers that you are given.

As members will know, the universities have a number of committees. A lot of the work is done at the committee level—that is where the real scrutiny and challenge take place. The finance and policy committee and the audit and risk committee scrutinise finances that come through, and they challenge much more robustly the information that comes through.

On the topic that we are talking about—why we thought that we were going to deliver a break-even position last year, when in fact we did not—we were shown numbers showing where all the savings were going to come in across the whole organisation—

Clare Haughey: Sorry for interrupting you. You say that it was not up to the court or the committee that you were talking about to scrutinise, but that that was done at a lower level.

Tricia Bey: It is a two-level thing. It started—

Clare Haughey: It was at the lower level that the scrutiny should have taken place, but it does not sound as if it did. My apologies for not using the correct parlance for universities.

Tricia Bey: That is fine.

Clare Haughey: At the upper level, you accepted what—

Tricia Bey: No, I did not mean that. I meant that, at a committee level, a lot more detail is scrutinised, challenged and interrogated.

Clare Haughey: Evidently, it was not.

Tricia Bey: I would say that it was. Say someone tells us, “Here are the savings that will be delivered across all these departments and schools—and they will be delivered.” We do not manage those schools. We are not the directors. We are not on the executive. We cannot say—

Clare Haughey: Surely the scrutiny is about the how. I could tell you that I could save X amount for the University of Dundee by the end of the year, but you would want to know how.

Tricia Bey: Yes—how it would be delivered.

Clare Haughey: That is, the actual workings—the gubbins of it. It sounds to me, as well as to my

colleagues, given the murmurings that I am hearing, that that just does not seem to have been there. Those papers then came to the court and they were just accepted. I will move on slightly, as other colleagues might well have questions on that.

We have 632 full-time equivalent posts going. How many of those redundancies are at senior management level?

Professor O'Neill: There are a number of changes already at senior management level. There are a number of vacant posts.

Clare Haughey: No—I know that lots of people have left. In terms of redundancies, what positions are you looking at getting rid of at committee level or court level?

Professor O'Neill: We have not finalised that. A review of the leadership structures is on-going. A number of roles will no longer be there.

Tricia Bey: At the court level, we are governed by statutes as to the composition of the court. Members of this committee will all be aware that the statutes dictate how many lay members should be on court, how many student members, our union members, our academic—

Clare Haughey: We are running out of time. That is fine; I am happy to be corrected on that point. What I am trying to get at is how many of the roles that are going will be those of front-facing teaching staff and staff who interact with students, who are carrying out the teaching and the research and are involved in learning, and how many roles will be going from the operational side of the university, whose salaries seem quite generous.

Professor O'Neill: A review of leadership at the executive level is on-going and has not yet completed. The proposals that we have made on, let us say, the academic shift from schools to faculties—

Clare Haughey: We might move on to that, but we are straying from what I asked about.

Professor O'Neill: There are senior roles there. There will be three key academic leaders, whereas at the moment there are eight. There will be efficiencies at the next level, of associate dean roles. There are currently eight teams of associate deans, and there will be only three teams in future.

Clare Haughey: What do you anticipate that will save for the university?

Professor O'Neill: That will save quite a lot of roles—

Clare Haughey: No—I mean in terms of cash.

Professor O'Neill: I cannot give you the number of pounds that it will save, but we can get back to you on that.

Clare Haughey: Thank you.

Bill Kidd (Glasgow Anniesland) (SNP): Thank you all for being here today. It is very important that we get to hear the outlines of where things have gone. I have a couple of questions about where things are going.

You talked earlier about how the number of international students has been declining. I think that it is the impression of most people that international students are fairly substantial for every university in Scotland and that, without them, there would be long-term difficulties, no matter what has happened so far. Are there any plans to draw more people from the international student body, particularly in the circumstances in which the University of Dundee might not be seen as the first place you might want to go if you are coming from overseas?

Professor Grubb: We are working to revise student number targets, particularly for the international undergraduate and taught postgraduate markets. We will achieve that in two ways. Working with our agent network is absolutely key, as it is largely through agents that students come to UK universities by open recruitment. We need to make sure that we have the trust of our agents and that they know that Dundee is a going concern, that we are going to deliver our courses and that they have confidence about that.

It is also about the offer of our programmes. As I have described, we need to rationalise the programmes and develop new opportunities as we move forward. That is the way in which we will increase student numbers as we develop. An increase has been built into the plan, and that has been developed based on the evidence of what we think that we can genuinely achieve. It is about making sure that we can achieve it so that we meet our budgets.

As we said—you correctly criticised us on this, convener—we saw declining student numbers in the past academic year and we did not meet our targets. As I said earlier, the target of a 25 per cent reduction that we set ourselves was not met. Clearly, we cannot again be in the position where, as a university, we are not meeting that target or our aspiration to recruit international students.

We are being very cautious and working closely with the student number planning group to make sure that we deliver to target. Through cautious growth and the development of new product—that is, new programmes—our plan is that we will get there.

Bill Kidd: That makes sense, but you have to ensure that the financial recovery plan is instituted first before you can do that, because you have to make sure that you have something to offer people who want to come and study. The University of Dundee has a long history of being a top-quality learning establishment. You will have to rebuild that to a great degree before you will be able to draw in people, not just from overseas but from here.

Professor Grubb: Building the trust of the applicant community is absolutely key, as is the trust of the agent networks, because many students come to universities in the UK through those. It is vital that they recommend us and our programmes to students. There is no doubt that trust in Dundee has been affected, and we need to rebuild that confidence, but we are confident that we can do that.

Bill Kidd: In the interim and immediate period, the Scottish Government, the Scottish Funding Council and maybe the Dundee region are working with you to try to rebuild the functioning of the university body. That has to be done first.

I have a question about something that perhaps cannot even be considered. The university owns property and buildings. Has selling or letting any of those been considered as a way of drawing in money immediately so that the university is not totally dependent on outside bodies for finance?

10:30

Professor O'Neill: We have been doing that, and Helen might want to talk about it.

Helen Simpson: Job losses are absolutely the last thing that we want—it is about the magnitude of the financial problem. Estates rationalisation was the first thing that we looked at and one of the easier wins in that area is that we will actively market University House, where the former principal resided, which is ready to go on the market this week.

We are also doing fairly significant estates rationalisation. There is a need to invest in buildings, which have to be kept safe and up to a good standard, and we are mindful of providing facilities for students but, where possible, we are rationalising the estate, not only to reduce running costs but to provide capital receipts. We are actively working on that—it was absolutely one of the first things that we looked at.

Bill Kidd: We are all concerned about the futures of the people who are in those 632—so far—jobs. The idea that universities might exist as physical structures but with nobody working there does not make much sense. The most important

thing is that as many staff as possible, at whatever level, can continue in their jobs.

I am pleased to hear that genuine ways of moving forward are being considered. You have mentioned property and buildings. “Offload” would be a strong term, but does the university have any other assets that can be sold to raise finances to keep as many people on as possible?

Helen Simpson: The first thing that I do when I wake up in the morning is think about those job losses, and it is the last thing that I think about at night. That weighs very heavily on me and it is not what I was brought here to do.

We have pulled on every possible lever. We have sold shares and are looking at selling whatever we can reasonably sell without doing so at a loss, not only to make a profit but to get cash into the bank as quickly as possible. We have been working on that and will continue working on it as a key priority.

The Convener: The questions so far have come from committee members but there is clearly a strong local and regional interest. I am pleased that we have been joined by Mr FitzPatrick from the constituency and by a number of members from the North East Scotland region. They have shown great patience and restraint in not coming in so far because committee members had to have the opportunity to ask questions first, but we will now turn to some of the local and regional members, starting with Michael Marra.

Michael Marra (North East Scotland) (Lab): I thank committee members for their interest in this issue. I know that it is of strategic national importance, but it is of absolutely vital importance to my city of Dundee.

I have been struck by what feels to me to be a complete lack of urgency in the answers so far. The answers to Willie Rennie’s questions suggested something that feels like a potentially cataclysmic result for the city if the university is closed.

You found out about the issue in full in November but you had been aware of problems for months prior to that and only now are we seeing a recovery plan. It is fair to say that the response to that plan has been pretty hostile, and understandably so, given the scale of the harm that it will do to the city. The Government has been pretty clear that it is not happy with the plan, and the Scottish Funding Council does not seem to be happy with it either. What is the timetable? When will some form of revised proposal be produced and when will we see it?

Professor O’Neill: We are working at pace, particularly with the SFC, to explore other options and to see what we can do instead of what we set

out last week and what the other ways forward would be. We will do that in the next couple of weeks. We continue to work with external advisers at the university to—

Michael Marra: So, we will see another proposal in two weeks.

Professor O’Neill: I hope that we can reveal more in two weeks.

Michael Marra: I am afraid that the production of this initial plan has been put back again and again, in what is seen by the university community to be a culture of almost complete silence, for a period of months. You will recognise the huge anxiety that that causes. So, we should see something in two weeks.

Professor O’Neill: I hope that we will see something in two weeks. A very detailed amount of work has gone into the plan and it has taken time. We have to try to get everything right. We have been working very intensively at pace on the development of the proposals.

Michael Marra: The Government has said the situation is unacceptable—I think that that is the word that has been bandied around in the chamber. Have there been any other suggestions from the Government or the SFC so far?

Professor O’Neill: They have encouraged us to think about other alternatives.

Michael Marra: What would they be?

Professor O’Neill: I have mentioned some of them before. We have got to see whether there are any opportunities to phase some of the changes or to find other funding mechanisms that would allow us to reduce the numbers in some other way. Other alternatives involve much more significant changes to the nature of the organisation, such as whether we continue as the entity that we are in our current form. Those are the kind—

Michael Marra: A phasing approach will cost more money. That will be the challenge. Has there been an indication from the Government and the SFC that more money will be available to provide phasing?

Is that a nod? Please can you verbalise your answer?

Professor O’Neill: That has not been confirmed. That is what we have to work through now as a possible alternative—we have to see whether the funding is available, what amount of funding would be needed and what the pace of transition would be.

Michael Marra: Would that be in addition to bank finance?

Professor O'Neill: I imagine that we will need commercial—

Michael Marra: On the status of the bank finance, where are we at with negotiations to secure some form of credit facility?

Helen Simpson: I am sure that you will understand that any commercial discussions cannot be discussed in the public domain; I must request that you do not ask us to do so. We continue to look at commercial finance and external funding, and we are actively working on that. It is currently being negotiated.

Michael Marra: Okay, so it is being negotiated. Is there an indication that the Government might be prepared to underwrite some of that financing?

Professor O'Neill: That is something that we need to explore with it.

Michael Marra: So, we will find out about that in the next two weeks as well. Okay. It is fair to say that it beggars belief that we have not gone through some of this already—that we have reached this point, and the numbers that we have heard about, without some of those options being explored with the Scottish Funding Council or with the Government.

Professor O'Neill: As I said at the start, we have been focused on looking at the financial sustainability of the organisation and what we need to do in order to get to the right size, shape and structure. That has been the focus. It has been complex work. It has taken us a while to do it—necessarily, because we wanted to get the answers right and make sure that we have a positive trajectory. The next steps are to explore those alternatives.

Michael Marra: Is the Government saying that there is going to be any restrictions on, for instance, the £15 million and £10 million that have been announced for liquidity funding? There has been a bit of confusion about whether that money will all go to the University of Dundee. Let us just say that it will, because I think that that is the understanding. Am I right?

Professor O'Neill: We have requested £22 million.

Michael Marra: That is £22 million of the £25 million?

Professor O'Neill: Our hope, and our understanding, is that it will be confirmed that we will receive what we have asked for.

Michael Marra: Has the Government placed restrictions on what that money can be spent on?

Professor O'Neill: It is liquidity support to enable us to have the breathing space to avoid running out of cash and to be able to continue with

the development of the recovery plan, including the options that we have just touched on.

Michael Marra: There are other higher education institutions across Scotland that are in distress on the basis of the funding model that is in place. I am sure that we will explore some of that with the Scottish Funding Council in the next session. Many of those institutions have a voluntary severance scheme in place to allow people to decide their own future. Some members of staff will not want to take advantage of that scheme; I know that some already want to.

What can be done immediately to put some scheme in place and stop the bleeding? Since November, costs have just continued to rise, and it is whatever the Government does in the long term that will be more significant with regard to the amount of money that we are talking about, because you have not stopped spending. What can be done immediately to put a VS scheme in place to allow people to make a decision about their own future?

Professor O'Neill: That is where we need to have the next conversations with—

Michael Marra: Within the next two weeks.

Professor O'Neill: Yes, and hopefully, we will have clarity on where we are going with that.

Michael Marra: Why has a scheme not been opened already?

Professor O'Neill: Because we have not had the funding.

Michael Marra: So, there was no money to put a VS scheme in place. Did you not want to ask the Government to support that? That was what the bank finance was to be for.

Tricia Bey: That is what the bank finance is for.

Michael Marra: Okay.

It sounds as if we are going to hear more about the independent review from the Scottish Funding Council today. Was there any discussion with the workforce or the students about its terms of reference?

Professor O'Neill: No.

Michael Marra: Why not?

Professor O'Neill: Because we felt that, working with the SFC, we could come up with the answers.

Michael Marra: But this is about what is happening to this community and to their jobs, and they have questions that should be answered. Can you commit now to putting the terms of reference in front of that community and asking for their input to them?

Professor O'Neill: We can do that.

Michael Marra: Good. Will the inquiry take evidence from Iain Gillespie—the name that Miles Briggs mentioned—and all the other former executives? Will they be brought before that investigation and asked to give evidence and their view of what happened?

Professor O'Neill: The lead of the investigation will be announced today, I think, and that will be a question for that person.

Michael Marra: You have seen the terms of reference as drafted at the moment. Do they say that evidence will be taken from those individuals?

Professor O'Neill: The terms do not specify a list of the people who will be required to give evidence. That will be up to the investigation team to determine.

Michael Marra: I think that that is a pretty basic requirement. Can we add that list to the terms?

Professor O'Neill: We can open that up. I would need to discuss that with the SFC, which is co-sponsoring this, and I cannot answer on its behalf. However, I am happy for that to be opened up.

Michael Marra: Okay. We have had a lot of questions about what has happened and how we got here today, but I have been particularly focused on what is happening next, because I think that this is an incredibly urgent issue for the city. Indeed, I think that that was set out at the start of the meeting.

Earlier, Tricia Bey said that you worked only on the basis of the information that you were given. I am not sure what the salaries of the senior executives are, but they will certainly be well into six figures. You do not need a six-figure salary to know that the Nigerian currency collapsed in 2023; you just need a subscription to *The Economist*. It is public information. The value of the Nigerian currency dropped by 70 per cent. Why did senior executives not say, "These figures are completely undeliverable"? In 2022-23, 1,300 students at the University of Dundee were Nigerian. It was utterly apparent that those people were not coming. My question, then, for the executives and, perhaps, for Tricia Bey, too, is this: why were those questions not asked?

Professor Grubb: Thank you for that question. Clearly, we anticipated a reduction in student numbers; we planned for an approximately 25 per cent reduction in international student numbers, which, based on the balance of students and the geographies from which we were seeking to recruit, we thought was realistic. In fact, it was roughly the UK downturn, based on the figures that we have, but our downturn was greater; as I

said earlier, it was closer to 50 per cent. We did not anticipate that gap.

Michael Marra: Did any of the members of staff at the university say to you that you were being unrealistic?

Professor Grubb: I do not recall individual members of staff telling me that.

Michael Marra: Some of them have told me that they did.

Professor Grubb: We had concerns about the number of applications and, as we moved through the recruitment cycle, that we would not meet the target and that we were falling further behind. That was definitely a worry.

Michael Marra: Do you not recognise my general point, though, which is that you are not employed just to listen to what the finance director tells you? You are employed, because you have skills; you have PhDs—several of you do, at least—and you have supposed sectoral information. These are the questions that should have been asked. Were they asked at court, Tricia Bey? Had anybody heard of the collapse of the Nigerian currency?

Tricia Bey: Yes, indeed. The value of the naira was talked about, and it was factored into the student numbers, and their reduction. It was talked about regularly, along with the issue of the visas, which was changing our student profile.

So, these things were indeed talked about, but we were always assured that there were compensatory savings in the system that would enable us to deliver against our budget. So, yes, these things were talked about; they may well all have PhDs, but we are not dummies, and we were assured that the savings were going to compensate.

Michael Marra: Can we add the former director of finance to the list of people that that investigation will speak to?

Professor O'Neill: I hope so, but that will be down to the investigation.

10:45

Michael Marra: I have a couple of specific questions for Helen Simpson. Have there been any write-offs relating to IT systems in the past five years? If so, how much has been written off?

Helen Simpson: I will write back to the committee this week on that, because I was not the director of finance at the time. However, yes, there have been.

Michael Marra: Is it your understanding that the Blueprint Recruitment Solutions recruitment system is now working?

Professor Grubb: The deployment of the Blueprint recruitment system has been problematic. The gap between deployment and having a fully functional system is significant. A huge amount of work has gone on since its deployment in October. At the moment, based on the volume of applications that we are receiving, we are meeting our current service-level agreements with regard to the processing of applications. However, it requires a great deal of work from staff in manual workarounds. We are working with the company that provides the product to ensure that we can improve things as we go forward.

Michael Marra: Does any liability sit with the company for the system's lack of performance?

Professor Grubb: We are working with the company to ensure that we get to the right place.

Michael Marra: That is not an answer to my question.

Professor Grubb: I do not know the answer to your question. I do not know whether the company has any liability.

Michael Marra: Are you aware, Ms Simpson?

Helen Simpson: There are various investigations going on as to why we have that problem. Clearly, it has had a significant impact. It has been a further complication and hurdle in recruiting international students.

Michael Marra: That appears to be the second major IT catastrophe for the University of Dundee in the past decade. Are you aware of the scale of the losses as a result of the business transformation programme in IT?

Helen Simpson: Forgive me, I have to be careful because I was not the finance director. I will come back to you on the finances on that. However, I am aware that there were significant problems with the business transformation programme.

Michael Marra: Who was in charge of the procurement of the two systems that I mentioned?

Professor O'Neill: The procurement of those systems would fall with the director of IT and the chief operating officer.

Michael Marra: Can we add their names to the list, please?

The Convener: Are they still in post?

Professor O'Neill: The director of IT who was involved in the business transformation programme left a couple of years ago.

Michael Marra: If there is to be a new plan in two weeks' time, how will that be presented to the

public and staff? Where will it go? How will people understand and learn about it?

Professor O'Neill: We will need to work out the detail of what is involved in it first. Then, we will announce it to staff. Potentially, I will announce it to staff as a modification to keep them updated on how the recovery plans are developing.

Michael Marra: Do you think that we can open a VS scheme in two weeks?

Tricia Bey is shaking her head. You do not think that that is possible, Ms Bey. How long do you think that it will take?

Tricia Bey: It all depends on our negotiations with our commercial bankers and their credit cycles. They have to go to their credit committees; they do not make decisions overnight.

Michael Marra: To be fair, it is not an overnight decision. The situation has been going on for four months.

Tricia Bey: I know, but we have not been in a position to give them a recovery plan to give them confidence that we are able to get ourselves to a sustainable future.

Michael Marra: What about if the Government was to underwrite that loan?

Tricia Bey: That might change the position, but I am not sure that that will be forthcoming.

Michael Marra: Why not?

Professor O'Neill: We will discuss that with the SFC, with which we have been asked to engage.

Joe FitzPatrick (Dundee City West) (SNP): I will try not to cover the ground that my colleagues have covered, but it is important to re-emphasise just how devastating the situation is not only for the university's staff and students, but for the wider community in Dundee, which is my city—the city in which I live. A lot of the folk who are directly affected are neighbours in the city and they really care about the university.

I have spent some time speaking to all the major unions that represent the workforce, and they are devastated about the numbers in the recovery plan. They are also hugely concerned about the university's ability to continue to function as a world-class institution, which really matters, not just to the University of Dundee, but to the city of Dundee and the wider economic region. That is why I will say again what I have said before and what everyone has said: the current proposals are not acceptable. It was good to hear you say that you are open to alternative proposals, which will be welcomed, particularly by the unions.

You mentioned to Jackie Dunbar that you have been speaking to the unions throughout. However,

she hit the nail on the head when she talked about different forms of consultation. The unions do not feel as though they have been consulted. Instead, they feel that they have been called to meetings in order for you to tick a box and say, "Right, that's us met the unions again today, so let's get back to doing what we're going to do."

Everyone is telling you that the plan is not acceptable as it is. I do not think that it is possible to have a plan that will protect the university's reputation without your working closely with your trade union members. They recognise the challenges and that the issues cannot just be ignored. You cannot put your head in the sand and move on as before. They are willing to play their part, but there needs to be meaningful engagement. It would be good to hear your assurance that you have a genuine commitment to meaningfully engage with your workforce. At this point, that would be really helpful.

Professor O'Neill: I am very happy to provide that assurance. Our efforts so far have been genuine and we have been open to hearing suggestions. In our meetings, we have had good discussions and we have had respectful, but robust, exchanges with our colleagues. I will be exploring other ways of engaging with them both informally and formally in order to try to ensure that we take on board any of their suggestions to make the plan more acceptable.

Joe FitzPatrick: Thank you. We will hold you to that.

For awareness, convener, I note that the unions are keen and would be pleased to speak to the committee if you felt that you were able to facilitate that in order to hear their take on some of the issues.

I have not seen the plan and it has not been sent to me, but—this goes to Clare Haughey's question—the unions tell me that the proposed job losses will predominantly affect women and large numbers of those in lower-salaried positions. It is a concern that the pain will not be shared at all levels. It is good to hear that the £200,000 post will not be taken forward, but colleagues have mentioned that salaries for senior executive members of the university are eye-watering. I was speaking to my colleague Mercedes Villalba and she asked why anyone should be paid more than the First Minister of Scotland, who runs the country, but many people in the university are being paid a lot more than him. If we genuinely want to consider how the university sector moves forward, we may need to look at salary levels at the highest end of the scale across the universities.

The First Minister currently takes a pay cut, with his salary frozen at 2008 levels, and that cut is

equivalent to about 20 or 25 per cent of the salary that he could take. If senior management at the university were to consider how they could share some of the pain, that would send a signal to the unions and it would perhaps give a bit more time for further recovery plans to be tabled. I would urge you to consider that. I am keen to hear your thoughts about whether there is a willingness from senior management to share some of the pain that students and staff are feeling right now.

Professor O'Neill: I take that as a suggestion that we could consider at executive level.

Joe FitzPatrick: Thank you. Such an approach will help as we go forward.

The other thing that I want to raise is that we need to work out what all the challenges are. We have talked about the £35 million, but the structural deficit figure of £63 million has also been put into the public domain via a communication to staff. For our understanding, can you break down that £63 million structural deficit?

Professor O'Neill: The figure is based on the projected deficit this year allied to the fact that £30 million of savings were included in this year's budget. Helen Simpson might be able to elaborate.

Helen Simpson: Basically, our structural deficit is the recurring difference between our cost baseline and our income going forward. That is our recurrent gap. The university has acted over recent months to make savings. Our deficit at the end of this financial year is forecast to be £35 million. It could be much bigger than that, and it could have been of the order of £60 million, but we have made in-year savings.

The actual recurrent gap in the university's finances—the gap between the income that we would normally expect to come in and our cost base, which has grown over the years—is £63 million. The reason why the gap has grown is that the university has made expenditure commitments and capital investments on the back of making savings to fund such investments, not just in this financial year but in previous financial years, and those savings have not been fully realised. That has created a gap that has built over a number of years. The recurrent gap is £63 million.

Joe FitzPatrick: Are you be able to break down what that is made up of? What portion of it relates to international students and what portion relates to employer national insurance contributions?

Helen Simpson: That is an excellent question. I am happy to provide our analysis, which contains a lot of detail.

Joe FitzPatrick: We would appreciate the workings and how you got to those figures. Those are big numbers that are being bandied around.

Helen Simpson: They are.

Joe FitzPatrick: I am not a member of the committee, but I think that it will be keen to see the workings.

It is really important that the independent investigation is genuinely independent. You have said in your answers that it is not for you to say who should be on the list. I get that, but the list of folk should be extensive and it should include all the senior executives. Some names have been mentioned. I am sure that Baroness Alexander and Lord Robertson will have something to contribute. A lot of folk who are in senior management are not here—some are still involved, and some are not. I am not pointing any fingers, by the way, but we need to have a full understanding of how the university has got to where it is.

I hope that the committee will have sight of the inquiry's terms of reference so that it can be confident that the inquiry will genuinely look at the things that our constituents are concerned about and give an independent assessment so that the university does not get into such a position again. That will be crucial to getting to a point where we continue to have a world-leading research and academic institution in my home city, which is so important to everyone.

Mercedes Villalba (North East Scotland) (Lab): Good morning. Professor O'Neill, are you familiar with the Scottish Government's fair work agenda?

Professor O'Neill: Yes.

Mercedes Villalba: Is that something that the University of Dundee supports?

Professor O'Neill: We do.

Mercedes Villalba: Would it be fair to say that fairness is an important principle to the university?

Professor O'Neill: It would be.

Mercedes Villalba: Is fairness something that the university seeks to promote and instil amongst the students who attend?

Professor O'Neill: Yes, that is true.

Mercedes Villalba: That is good to hear.

You have been very candid with us, especially in your opening remarks, in which you outlined what you believe to be the causes of the position that we are in today. I note that you cited inadequate financial discipline, issues with decisions around investments, weak compliance and poor decision making. How many of those factors fall under the remit of the staff whose jobs are at risk in the recovery plan proposals?

Professor O'Neill: Not many of them. Perhaps financial discipline comes within the remit of roles throughout the organisation, but responsibility for most of those aspects falls at the senior level.

11:00

Mercedes Villalba: So is it fair to say that this is not the fault of the staff whose jobs fall under the proposals on cuts—the proposals that would cut 632 full-time equivalent roles? Do you agree that the problems that you outlined are not the fault of the staff whose jobs are at risk?

Professor O'Neill: I think that that is reasonable, yes.

Mercedes Villalba: On that basis, is it fair to ask them to pay the price?

Professor O'Neill: No, it is probably not fair, but it is a case of—

Mercedes Villalba: I am glad that you can agree that it is not fair. I think that that is important.

Professor O'Neill: It does not seem fair. I could not say that it is, but I think—

Mercedes Villalba: Would you say that it would be fair to involve them in the decision making and the recovery?

Professor O'Neill: We have said that we want to do that, yes.

Mercedes Villalba: It is what you want to do, but have you done that?

Professor O'Neill: We have provided opportunities to engage. We have engaged a lot—

Mercedes Villalba: Was the financial recovery plan co-designed with campus trade unions?

Professor O'Neill: It was not.

Mercedes Villalba: Do you think that that would have been fair?

Professor O'Neill: It would have been fair, but we were working very hard to try to develop a clear—

Mercedes Villalba: You agree that it would have been fair.

Professor O'Neill: It would have been good to be able to engage. We have engaged. We have more or less—

Mercedes Villalba: I hear you saying that it would have been fair to have involved the campus unions but that they were not involved. Have you involved them in the terms of reference for the investigation? Have staff had an opportunity to feed into that process?

Professor O'Neill: As I said earlier, no.

Mercedes Villalba: Would you say that that is fair?

Professor O'Neill: That is something that we can discuss with the SFC as our co-sponsor. We can share the terms of reference, which are about to be published, and we can modify them and take on board further input.

Mercedes Villalba: Do you acknowledge that what is happening at the university has an impact beyond the university—that it impacts the whole city of Dundee?

Professor O'Neill: Yes. I said that in my opening remarks.

Mercedes Villalba: On that basis, would it be fair to have representation from the city feeding into the recovery and the terms of reference, given that what is happening affects the wider city?

Professor O'Neill: I think that we could do that. The chief executive officer of Dundee City Council is a member of our court. We would welcome that.

Mercedes Villalba: Have other councillors had an opportunity to be involved?

Professor O'Neill: They have not as yet.

Mercedes Villalba: Would it be fair to include them?

Professor O'Neill: It would be fair, yes.

Mercedes Villalba: Would you support that?

Professor O'Neill: As I said, we will talk with the SFC as our co-sponsor to see how we can ensure that there is additional input to—

Mercedes Villalba: Like Joe FitzPatrick, I have not received a copy of the recovery plan from the university. I do not think that any of my colleagues have received it. Will you look to involve elected representatives? Like Joe FitzPatrick, I live in the city. I live in the west end, not far from the university. The issue is of great concern to my friends and my neighbours, many of whom work or study at the university or have done so in the past. Do you all reside in the city?

Professor Grubb: I live in Broughty Ferry.

Professor O'Neill: I have a flat in Broughty Ferry. I have a family home elsewhere.

Mercedes Villalba: I see.

Tricia Bey: I live in Edinburgh.

Helen Simpson: I am the interim finance director.

Mercedes Villalba: The decisions to date, which have not included the campus unions, local councillors or local parliamentarians and which are going to have a serious impact on the city, have

been made predominantly by people who do not reside there. Does that seem fair?

Professor O'Neill: I do reside there, and the executive predominantly resides in Dundee.

Mercedes Villalba: You said that you have a family home elsewhere.

Professor O'Neill: Yes, but I spend most of my time in Dundee, and—

Mercedes Villalba: Where do you pay council tax?

The Convener: I am not keen to stop questions, but I want to keep our focus on the matter. You have made your point and you have done it in the way that you wanted to, but I do not want to get into council tax and where people pay it. Can we please focus our remarks elsewhere?

Mercedes Villalba: Fine.

The Convener: Professor O'Neill, in response to Mercedes Villalba, you accepted that MSPs have not seen the recovery plan. Can they see it?

Professor O'Neill: Yes. I mean—

The Convener: Why, when my office contacted the university yesterday, were we told that they were not allowed to share it?

Professor O'Neill: At the moment, we have shared it with the campus unions and the SFC. They were the first people whom we wanted to share it with. We will now take on board your requests and share it at the same time with members of all political parties.

The Convener: So we will get it after this meeting.

Professor O'Neill: We can do that.

The Convener: What will be the password on that recovery plan?

Professor O'Neill: I could not tell you that.

The Convener: But you know why I am asking. Please tell me that you know why.

Professor O'Neill: I do not know why you are asking.

The Convener: There was a password allocated when the plan was sent to the unions, and it included the number of job losses as the numerical reference.

Ms Bey, you seem surprised by that.

Professor O'Neill: I am surprised by that—I did not know that.

The Convener: Do you think that that is incorrect? Have MSPs been told incorrect information? I had it confirmed to me last night.

Professor O'Neill: I am not questioning it—I was just not aware of it.

The Convener: Who would have added the password to the document?

Professor O'Neill: I do not know the answer to that.

The Convener: Come on. You do not even know who would have added a password.

Professor O'Neill: No, I do not.

The Convener: Do you think that it was crass and wholly inappropriate for the number of job losses to be included in that password?

Professor O'Neill: If it was deliberate, yes, I agree with you.

The Convener: If it was not deliberate, it is the most massive coincidence ever. Let us say that it happened and that it was deliberate. Do you believe that it was crass and inappropriate?

Professor O'Neill: Yes, I do.

The Convener: What are you going to do about it?

Professor O'Neill: I need to learn more about what you have just told me. This is the first that I have heard of it.

The Convener: Okay. I call Maggie Chapman.

Maggie Chapman (North East Scotland) (Green): Thank you very much, convener, and thank you, panel, for being here this morning.

I will try not to rehearse what has already been covered by my colleagues but, like others, I want to reiterate my very clear concern, anger and frustration that we are where we are today. We have been trying to get answers to some of the questions that have been asked since November, and although we are finally starting to get those answers, the fact that it has taken four months is not, I think, adequate—and that is before we get to the content and detail of the recovery plan.

Professor O'Neill, you said that the recovery plan was written with a financial lens but there was now an opportunity to move to a more holistic approach. When you said that, was it only the bottom line—the finances—that you were taking into account?

Professor O'Neill: It was not only the finances. The question that we had to address was how we could retain the very best of what we do and continue to be a world-leading institution, engaging in education and research with the great reputation that we have. How could we retain that, continue to move forward and be really successful for the future while, at the same time, getting to the right size and shape so that we are

sustainable? It is a practical problem; because of the financial crisis that we have detailed, we need to do this really quickly, and we need to get to the right size and shape pretty urgently. Otherwise, it is not going to be viable.

Maggie Chapman: I understand that, and you have answered some of those questions previously. However, the University of Dundee, like any higher education institution in Scotland, is required to comply with the duties that are laid out in the public sector equality duty. What equality impact assessment has been done on the recovery plan?

Professor O'Neill: We are working on that at the moment.

Maggie Chapman: So it has not been done as part of the plan. It will come later, as an afterthought.

Professor O'Neill: It is being worked on.

Maggie Chapman: What equality impact assessment was done on the recruitment freeze?

Professor O'Neill: I would need to come back to you on that, but the HR team, I am sure, have been doing that.

Maggie Chapman: But it was not done prior to any decision to freeze recruitment.

Professor O'Neill: The point at which the recruitment freeze took place was, if you like, a baseline, and it will allow us to begin to assess the impact on different areas of the university. We will be undertaking that work, and I will come back to you on that.

Maggie Chapman: In your opening remarks, you said that this is not a recent problem but something that has crept up as a result of mistakes and poor decisions that have been made over some time. At previous restructuring points in 2015 and 2021, equality impact assessments noted a disproportionate impact on people with protected characteristics. What actions were taken to remedy those impacts at those times? What lessons have been learned in the work that you and your colleagues have undertaken in the past four months?

Professor O'Neill: The lessons that were identified have, I am sure, been taken on board, but I would need to go and check exactly what the trajectory has been.

Maggie Chapman: We know that the job cuts that have been outlined, particularly in professional services, will disproportionately affect women. A lot of people, both in the university community and further afield, are concerned that the recovery plan represents systemic discrimination, given the failure to take into account equalities impact assessments and to

identify the impact on people with protected characteristics. Do you agree with that assessment that there is systemic discrimination?

Professor O'Neill: I would not agree with that.

Maggie Chapman: How will you ensure that there is no discrimination in any recovery plan, whether it is the one that you presented last week or a refreshed alternative that comes forward in the next couple of weeks?

Professor O'Neill: We will make sure that we follow the appropriate guidance and best practice through using EIAs and other instruments to ensure that we avoid any such outcome.

Maggie Chapman: In response to Michael Marra's questions, you promised to produce a document in a couple of weeks. Will there be an equalities impact assessment in that document?

Professor O'Neill: Yes—we will make sure that there is one.

Maggie Chapman: Okay—thank you.

You said that lessons had been learned from previous restructuring. In 2023, I think, Inspiring Futures produced a report on the need to improve communications following the latest restructuring at that time. How have you ensured that lessons and all the recommendations from that report have been implemented in the past four months?

Professor O'Neill: I have sought to communicate as clearly and appropriately as I can in the development of the recovery plan. I have listened to unions and have turned up at events that they have organised. I have listened and tried to take on board what I have heard at those meetings and to bring that back to executive colleagues as we have worked on the plan together. We have sought to engage as best we can with colleagues.

Maggie Chapman: You mentioned that, at various points, you sought advice from external advisers. External advisers have helped to draft the recovery plan. How many of those external advisers are higher education professionals?

Professor O'Neill: Helen Simpson might want to talk about any advice that we have had on finance.

Maggie Chapman: My question is quite specific: how many of the advisers are higher education professionals?

Helen Simpson: We have engaged an accountancy external adviser, but they have expertise in higher education.

Maggie Chapman: An accountancy firm—okay.

You have also promised engagement with staff and students. What will that look like? Will it

involve presenting them with a draft plan and asking for comments, or will it be co-production and co-design, as Mercedes Villalba suggested?

Professor Grubb: I can comment on students. I met the student representative council last night and promised it that, when the recovery plan is made available to it, we will hold a full consultation with it, through which it will help me to design the scope of the student consultation. The council will consult with students and that will feed back into the plan, so that they have an ability to influence it. I did that for students last night.

Maggie Chapman: That was last night, which was four months after the crisis was announced. Is that the first time that you have been to the SRC?

Professor Grubb: No, it is not. I go to the SRC regularly. I was at the last meeting, and I go to most of them.

Maggie Chapman: That is helpful to know.

Professor Grubb: Last night was the second SRC meeting at which we discussed the situation at the university, as Shane O'Neill and I went to the one in the previous month. We have made a commitment to include the SRC in the scope and design of the consultation, and that will feed back into the process.

Maggie Chapman: That is a consultation on a draft plan that already exists; it is not co-design or co-production.

Professor Grubb: That is what we have promised the SRC at the moment.

Maggie Chapman: What about the staff? You talked about having engaged with staff unions. Going forward, what do you expect that engagement to look like?

Professor O'Neill: We have put out a plan, and we have said today that we are working at pace to explore whether there are other options or alternatives to that. We are engaging with stakeholders. We would update the staff and the trade union leaders who we engage with on any options, and we would encourage them to put forward their thinking and their proposals. We have been doing that, but—

Maggie Chapman: Were any staff members on the task force?

Professor O'Neill: By “task force”, do you mean—

Maggie Chapman: I am sorry; I mean the group that put together the recovery plan.

Professor O'Neill: That was the university executive.

Maggie Chapman: Were there any staff from below university executive level?

Professor O'Neill: No, but, in developing the plan, there was engagement with various other managers, including deans, directors and school managers.

11:15

Maggie Chapman: But there were no students on that group.

Professor O'Neill: No.

Maggie Chapman: I go back to the issue of student concerns. Given the university's good commitments on inclusion and support and provision for disabled students, it recently received a bronze award under the race equality charter. How will you ensure that you provide nuanced support and information to your diverse student population through this process?

Professor Grubb: We provide information to students. For example, last night I presented to our student representative council a version of the presentation that Professor O'Neill provided to staff a week past Tuesday. Along with Professor Blackford, our deans representative, I then spent an hour answering questions. I promised—the students requested this, too—that, in the consultation, we will reach out to as many of them as possible to involve them in the process, so that everyone will have a chance to see the plans and to comment on them. We will feed that back into the process. I made that promise to them. We will need to do that at pace, to fit in with the timing of everything that we are doing.

Maggie Chapman: Of course.

You have talked about learning lessons and changing what you do and how you do it in the light of things that have happened in the past—good or bad. However, I am still not hearing from you a clear commitment to anything more than consultation; I am not hearing a commitment to genuine engagement and participation. By that, I mean getting staff and students involved in presenting ideas and suggestions that are not made only in response to a plan that the Scottish Government, the trade unions and most of us sitting around the committee table find unacceptable. Frankly, anybody who has seen the plan finds it unacceptable. I am not hearing from you any more than, "This is the plan. We can tweak it around the edges, but that's it."

What have you have learned from engaging and communicating on the previous restructuring, and in the past four months, that will change from now?

Professor O'Neill: We will be as open and transparent as we can be. At the end of the day, getting the university to become financially sustainable presents a huge challenge. It is not

easy. None of the options is palatable. All of them involve many difficult actions that none of us would want to take.

However, we still have to find an answer, otherwise we will, ultimately, be looking at insolvency. We want to avoid that, of course. We also want to avoid other options that would detract from the city and from what we do. These are not easy things to do—we are in a difficult position. We want to engage fully and to take on board other people's ideas, but there is no easy way out of this.

Maggie Chapman: What is the headline risk in your risk register?

Tricia Bey: Cybersecurity.

Maggie Chapman: So, it is not insolvency.

Tricia Bey: At our most recent audit and risk meeting, our main risk was cybersecurity, although financial sustainability and student numbers were also red risks.

Professor O'Neill: Those are very important.

Maggie Chapman: This will be my final question. Professor O'Neill, in response to an earlier question, you said that the university executive is the right team to see the university through this crisis. What response did you give to the overwhelming vote of no confidence in your leadership that happened just before Christmas?

Professor O'Neill: It was a vote of no confidence in the university executive.

Maggie Chapman: Which you lead.

Professor O'Neill: Yes. As I have said, we have noted that vote of no confidence. I was asked by the court to take on this role when it abruptly became vacant, and I will continue to do that to the best of my ability. We face a huge challenge, and we are working very hard on it. I think that we are working effectively and well together as a team to do some very difficult things. We are trying to engage with all our stakeholders, including the committee, as well as staff and students, to get the best outcome for the university. That is what we are committed to doing.

Willie Rennie: You said that there was an "imbalance" between research and teaching. Most of this morning's discussions have been about how you reduce options on the curriculum and other areas on the teaching side. Can you give us more detail on how you will rebalance that on the research side?

Professor O'Neill: We are certainly not the only university that has sought to identify ways of having more sustainable funding for the research that we undertake. There is a level at which research activity is simply unaffordable, given the

time and so on, so we will be reorganising our research efforts into more select groups and themes, which will create new research institutes. That will enable us to build our reputation around select themes, rather than being as broad based on the research front as we have been in the past.

Willie Rennie: What is the timescale for that?

Professor O'Neill: That work will follow the restructuring of the faculties. It will probably be the next academic year before those institutes come to life.

Willie Rennie: I have one final question, which is on student hardship. In January, a proposal was made to reduce support for breakfast clubs and the campus pantry, which I think has since been partially restored. A request was made for some of the pay of striking workers to be contributed towards fully restoring that. Is that something that you have considered?

Professor O'Neill: We have not. Blair has been leading on the work around the pantry, so I will hand over to him.

Professor Grubb: The campus pantry and the breakfast club were student-led activities. Students approached us at the start of the cost of living crisis, when inflation was running at around 10 per cent. The university heavily, and quite willingly, funded both activities. Clearly, since we have reached our current financial position, we can no longer afford to do that. Those are seen as activities that we would love to do but cannot do at the moment.

Following protestations to me from the student body, we found a small amount of money to reopen the pantry for those students in most need. Last night, I heard from Dundee University Students Association about the mechanism by which it will do that. The student president wrote to me to tell me how that will work. We are pleased to be able to support that, but it has to be at a low level, because we cannot spend beyond our means. That has been negotiated with Helen Simpson, but we would like to do more.

If a decision is taken that strike funds can be used for that purpose, that is fine. It is not within my gift to make that decision alone, but we will take that back as a question to answer and we will let you know.

Willie Rennie: Thank you.

Joe FitzPatrick: I have a quick follow-up on one of the answers that was given to Maggie Chapman.

Tricia, when you were asked about red flags, you said that cybersecurity, finances and student numbers were all red flags. When did student numbers become a red flag?

Tricia Bey: I can tell you exactly when student numbers became a red flag. They became a red flag on 22 October.

Joe FitzPatrick: Just last year?

Tricia Bey: Just last year.

Joe FitzPatrick: Was that the first time that student numbers became a red flag?

Tricia Bey: They were green before—that is, they were within our risk appetite. In October, the issues of student numbers and financial stability were brought to our attention, and we changed that rating. That happened only in October.

The Convener: Professor O'Neill, you said that you had been asking questions. Was it in October that you saw that information in the audit paper, or did you have indications earlier than October?

Professor O'Neill: It was earlier than—

The Convener: So, you knew before the audit committee. Ms Bey, who was on the audit committee, thought that everything was fine because student numbers were green, but, as the deputy principal at the time, you had concerns. The audit committee did not. Explain that.

Professor O'Neill: Well, I did not sit on the audit committee at that time, but—

The Convener: Did you not say to people on the court, "Look, I'm asking these questions of the principal. Make sure that this is a big red marker in your audit papers"? You had Ms Bey thinking that everything was fine when you were asking questions about this.

Professor O'Neill: I would have to go back and check what was presented in the audit committee papers.

The Convener: Ms Bey has been very clear with Mr FitzPatrick—she was able to give him the exact date—but you are telling us that you were raising questions before that.

Professor O'Neill: I do not know why that was not sent through to the audit committee. I cannot answer that.

The Convener: What did you do to make sure that others on the court were aware of your concerns? Nothing.

Professor O'Neill: I recall that there were open conversations about the deterioration in student numbers in the last financial year. That was discussed at court committees. Our intake of students had gone down quite dramatically, particularly in the second semester, so I believe that there were discussions at court.

The Convener: Did you have access to the audit committee papers before you became interim principal?

Tricia Bey: They would have come up through the finance department, which produced the papers.

The Convener: Did you have access to them when you were in your previous role at the university?

Professor O'Neill: Yes, I did.

The Convener: Had you not read them?

Professor O'Neill: I was not a member of the committee. I—

The Convener: You were deputy principal.

Professor O'Neill: Yes, but I was not a member of the committee.

The Convener: You were deputy principal. You were raising concerns, and papers that you had access to were still telling the audit committee of the court of the university that everything was fine when you knew that it was not.

Professor O'Neill: I honestly cannot recall what was happening at that time.

The Convener: It is not about your recollection. Your recollection is clear that you knew about this and were asking about it at the same time that the audit committee and the court got the green light to say that there were no issues.

Professor O'Neill: I would need to see what is in those papers.

The Convener: No, you would not, because unless Ms Bey is giving us incorrect information or you are giving us incorrect information, we have all the details. What we now know is that the interim principal of the University of Dundee, who at the time was the deputy principal of the University of Dundee, was raising concerns about student numbers at the exact same time that the court and the audit committee of the court of the University of Dundee were being told that the situation was green, that there were no worries and that they could carry on as normal.

Professor O'Neill: I recall that there were definitely conversations with members of court about the drop in student numbers through the last academic year.

Michael Marra: I was a former employee at the university and, in my time over 16 years, vice-principals and the deputy principal would regularly attend and sit on court. At what point did that practice stop?

Professor O'Neill: Well, I was sitting on court—

Michael Marra: What about the vice-principals?

Professor Grubb: I sat on court until around October 2023, I believe, and then we were asked not to attend any more.

Michael Marra: Who by?

Professor Grubb: I do not know who made the decision, but we were told that court was to receive input from a more limited group of the university executive, which included the principal, the director of finance, the director of human resources and the deputy principal.

Michael Marra: That seems like a bit of a disaster, does it not?

Professor Grubb: It was not a decision that I made, but that is what happened. I am just reporting it.

Michael Marra: So, there was a significant narrowing of engagement between the executive and the court. Who decided that that should happen? Was it the former principal who made that decision?

Professor Grubb: It would have been the principal or the chair of court. I do not know who made the decision. I was not informed of that.

Michael Marra: Do you know, Ms Bey?

Tricia Bey: It would have been the principal and the ex-chair of court. Members of the executive came if we needed them to add more detail and colour on a particular topic.

Michael Marra: The most senior executives—the most highly-paid individuals in the organisation—are the people who run the various elements of the strategy, and they were being shut out of court meetings in preference to one individual, who was the principal at that point. Is that correct?

Professor O'Neill: There were others, such as the director of finance, the director of HR, the deputy and the chief operating officer. A number of members of the executive were still attending.

Tricia Bey: Five were still attending.

Michael Marra: Are any of those individuals still with the organisation?

Professor O'Neill: Me.

Michael Marra: Just you.

The Convener: Before we move on, can you give us the date when you were told that you were no longer allowed to attend?

Professor Grubb: I would need to check the information about the last court meeting. My recollection is that it was September or October 2023, because I received the information on returning from my annual holiday, which I believe was at the beginning of October that year. That is

when I believe that I found out, but if you want me to confirm the date, I can.

The Convener: That would be helpful. What was your response? Did you push back on that?

Professor Grubb: I was disappointed, but we were told that—

The Convener: Did you go to the deputy principal at the time and say, “Look, is it right that this is narrowing in this way?”

Professor Grubb: I expressed my disappointment that it happened to the university executive group. We were told, however, that when we were needed we could present papers and give relevant information. I will give an example. We do an annual report to court on the national student survey and how we have performed. I was still invited to do those jobs and to report, so that still happened.

The Convener: Ms Bey, were you the deputy chair of the court at the time?

Tricia Bey: I was.

The Convener: You are saying that the decision was made by the former principal, who has gone, and the former chair, who has gone, but the deputy principal at the time, who is now the interim principal, is still here. Were you aware of the decision at all, when it was made?

Tricia Bey: I knew that it was the preference of the previous chair and—

The Convener: Were you happy with that?

Tricia Bey: I would not say that I was happy with it, but—

The Convener: What did you do to express your unhappiness?

Tricia Bey: I said, “Let’s think about the optics of this and whether it is the right thing to do.”

11:30

The Convener: Did he not listen to you, or did you just—

Tricia Bey: It was the chair’s meeting, and the chair said, “This is the way I want to do it.”

The Convener: But you were the deputy chair. You could have been forceful and said, “No, let’s look at this again.” That is what the court is for.

Tricia Bey: It is what the court is for, but the chair was also a forceful character and said, “This is the way I want to do it.”

The Convener: So, you accepted that.

Tricia Bey: Well, we talked about it. The way in which these things work is that you can have somebody and their deputy challenge each other

and talk about issues, but, ultimately, the decision is made by the chair, not the deputy chair.

The Convener: Did you challenge the decision, Professor O’Neill?

Professor O’Neill: Yes, I did—

The Convener: You were not happy with it either.

Professor O’Neill: I was advised that the chair of court had made the suggestion. I said that it did not seem necessary to me to not have others there, but my role, as deputy, was to advise. I was not there to instruct. I did advise, and the decision was made.

The Convener: Do you both now regret that decision? Could some of the failures have been identified if more people had come to the court to provide their opinions?

Tricia Bey: I am not sure that the depth of it—
[*Interruption.*] Oh, I beg your pardon. Do you want to me to answer first?

The Convener: You should start, because, as you were saying, “I am not sure”, Professor O’Neill was nodding his head in agreement, so this is interesting.

Tricia Bey: Maybe I started my sentence the wrong way round. The principal and the finance director were always there, and they were the ones who channelled a lot of the information up to us. The chief operating officer and Shane O’Neill were also there. The full gamut of information on staff and finances was reported to us—we were still fed a great deal of information.

However, for the past four weeks, I have been the chair, and it has been useful to hear the various debates around the issue. It is in my gift to decide whether I want to change things and broaden that community in any way.

The Convener: Professor O’Neill, you were, I think, nodding in agreement, having heard that from the chair of the court.

Professor O’Neill: We can look back at all sorts of things that happened and think about whether they could have been done differently and whether there were missed opportunities to identify things that could have been discussed at the court and so on. However, the arrangements in relation to the personnel who are currently there are not unusual in universities. Many universities would not have all the executive members at the court—I note that that is not unusual for comparative purposes. Both the current arrangements and the previous arrangements are options that are alive in many different institutions.

Michael Marra: Is this not indicative of a culture in which dissent and questioning were closed down by the leadership of the institution?

Professor O'Neill: You could read that as evidence of that—

Michael Marra: I could read it as that, but what do you think, Professor O'Neill?

Professor O'Neill: Dissent was certainly not welcome, so there were issues in that regard. Some of the things that I mentioned in my opening remarks in relation to the internal reasons were associated with that.

Michael Marra: I declare an interest in that I was previously employed as the deputy director of the Leverhulme research centre for forensic science.

In relation to an earlier question, it is my understanding that the dean of the school has had sight of an alternative plan but has dismissed it out of hand, so it is not being progressed to the university executive group. Can you commit to the UEG looking at an alternative plan, given that you have talked about a variety of alternatives today?

Professor O'Neill: Yes.

Michael Marra: Thank you.

Joe FitzPatrick: I want to go back to the point about who was able to attend the court. One of the big issues relates to international students, so was the VP for international students allowed to attend the court, or was there no reporting on that?

Professor O'Neill: I think that she stopped attending at the same time as Blair Grubb stopped attending.

Joe FitzPatrick: Tricia Bey, did it not seem unusual that the person who was responsible for such a significant part of the university's funding was not attending the court?

Tricia Bey: I think that the then principal felt that he could well represent the views of that domain.

Joe FitzPatrick: Were you happy with that significant aspect? You were being told that a reduction in income was expected—a reduction that turned out to be even worse because some of the decisions about where to take international students from were riskier than those taken by other universities. Did it not seem unusual not to have that person at the court?

Tricia Bey: She came when particular papers were to be discussed, but that was one of the many times when the principal gave the impression that he was very capable of and confident in representing that community. In hindsight, you may be right.

Joe FitzPatrick: It would be good if you could say, on the record, who the VP for international students is, because we are saying "she".

Tricia Bey: Of course.

Joe FitzPatrick: Can you say who that is?

Professor O'Neill: Professor Wendy Alexander.

Tricia Bey: I was going to ask whether she is a doctor or a professor. It is Wendy Alexander. It is not that I do not know her name, but that I did not know her title.

The Convener: Was there a deliberate attempt by the former principal to streamline the voices that were going to the court in order to minimise scrutiny?

Tricia Bey: I do not care to speculate, but I think that that is one of the things that the independent investigation might want to probe.

The Convener: What do you think, Professor O'Neill?

Professor O'Neill: I think that it was the chair of court at the time who proposed that.

The Convener: Was there a deliberate attempt by the chair of the court to streamline the number of voices—Professor Grubb's, for example—who could come to court in order to minimise any scrutiny or dissent?

Professor O'Neill: I honestly am not sure if that was the intention. As I said, many universities operate with the kind of model that was proposed.

The Convener: Not many universities are in your current situation.

Professor O'Neill: No, but many universities operate like that.

Maggie Chapman: I will pick up on the idea of risk assessments. I am actually quite staggered that student numbers were assessed as green until they were red. Do you need to reassess how you calculate and identify risk appetite?

Tricia Bey: When I said that they were green, I meant that they were within our risk appetite at the time. I think that a number of things will probably have to change in the light of everything that has happened and the investigation that will take place. Part of the point of the lessons learned exercise is to look back and accept that, although we thought that we were being rigorous, thoughtful, professional and disciplined, if it transpires that that was not the case, we absolutely need to change.

Maggie Chapman: You talk about the investigation and the lessons to be learned. "Itemising" might not be the right word, but it would be helpful if that process could include a very clear

explanation of how recommendations provided in previous experiences of restructuring were implemented and taken forward. There may be good reasons why some recommendations were not taken forward.

Tricia Bey: You want to know the rationale behind that.

Maggie Chapman: It would be good to know the reasons why that was the case, particularly because I have seen documentation on some of the previous recommendations and, if those things had happened, we might still have financial questions but we would also still have trust in processes such as the risk assessments. It would be useful to see that at some point, although I realise that it is not a priority right now and I am not asking for it urgently.

Miles Briggs: We have had almost three hours of questions. It seems to me that you want the committee to believe that all the people who were responsible have now left the organisation and that you were all in the dark. Is that a fair assessment?

Professor O'Neill: I do not think we were all completely in the dark. Many of our answers have shown that we were aware of certain things that were happening. We were certainly doing our jobs, and I believe that I was doing my job effectively in leading the academic strategy of the institution and managing the deans of the schools.

We have pointed out a lot of the issues behind what has gone wrong, and much of the responsibility for that sat primarily with people who are no longer with us.

Tricia Bey: Can I make a point about governance? Until four weeks ago, I was a lay member of court. Our model of governance, which may be the same across the sector, is one of collective responsibility.

I accept that, in my role, I had collective responsibility. For the past four weeks, I have had individual responsibility. I feel acutely personally responsible for the future of the university. At the time, I was one of those who had collective responsibility. I attended all the meetings in question—that is all on record. If, as a result of the investigation, it transpires that something was wrong and there needs to be a change of people on the court, it is probably right that that should happen.

Miles Briggs: Our next witnesses are from the Scottish Funding Council. Before 12 November, did the university report the concerns to the Funding Council and seek to investigate options around financial support? What representations were made to Universities Scotland on the situation? Does anyone have any recollection of

those two organisations being made aware of the financial situation that had built up?

Professor O'Neill: Not before 12 November.

Jackie Dunbar: I have been listening intently to the discussion. Hindsight is a wonderful thing. Knowing what you know now, if you could go back in time and change things, what would you do differently?

Professor Grubb: We would certainly look at the student number planning that was done by the university around international student recruitment. We took a pessimistic view in predicting a 25 per cent downturn in international student recruitment, but we need to have a more acute understanding of why Dundee performed less well in that environment. We are taking a much more cautious approach, and we need to maintain that. As we build future budgets, we must be completely realistic. If those budgets are to be achievable realistically, we cannot find ourselves in this position again. That is quite clear.

Therefore, we need to be absolutely clear about what we are doing. We need to make sure that the budgets are realistic and that we can achieve them, and that we retain financial sustainability as we move forward. That is one thing that I would take away—the importance of the student planning element.

Professor O'Neill: We should have had much better oversight, at executive and court level, of the range of financial issues that have contributed to the situation that we are in, many of which we have touched on today.

The Convener: I will ask a few final questions in an attempt to tie up a couple of things.

Ms Simpson, you have spoken a number of times about what you cannot comment on since you have come into post. You also said that you gave very stark warnings on day 1 and day 2. What were you told when you were asked to take on the director of finance role? Were you given all the information about what you were walking into, and, if so, by whom were you given it?

Helen Simpson: No. When I was approached for the role—I was selected as part of an interview process—I asked for details on what, specifically, it would involve and what the objectives were. I was clearly told that I would have to update the financial strategy and change one or two business processes.

The Convener: One or two?

Helen Simpson: I questioned that at the interview, because I am familiar, from working with other universities, with the financial challenges that the whole sector faces. I was surprised that that was the scope of the role. I questioned that,

but I was assured that that was the role and that the university had been well served by its former finance director.

The Convener: Well served?

Helen Simpson: Basically, I was to come in and keep things moving until the new finance director was recruited.

The Convener: What was the date of your interview, approximately?

Helen Simpson: It would have been in mid to late October. I am an interim. With an interim, there is a short period before you are asked to join.

The Convener: Who was on that interview panel?

Helen Simpson: There was a first round and then a second round. I was surprised that there were only two people on the first interview panel—the former principal and the director of people and culture. I was then asked to meet the chair of the finance and policy committee.

The Convener: Is your appointment signed off by the court?

Helen Simpson: I cannot speak for that, because I would not be—

The Convener: Was there any involvement with the court?

11:45

Tricia Bey: I do not recall. I imagine that decisions on interim roles tend to be executive decisions.

The Convener: You had the interview in October, and you were not told the full details of what you were walking into, but by day 1 in the job, you were able to tell some people on the panel and others about the dire straits that the University of Dundee was in. How is that possible if others who had been around for years were not able to do that?

Helen Simpson: I cannot answer that question. Clearly, I was extremely concerned about the headline financial position and the trends running up to it, and I wanted to verify the cash position. At the end of my first day, two of the senior finance team wanted to speak to me before I left that evening. I am summarising here, but they said to me, "From what you are asking, you know, don't you?" I asked, "Know what?" They said, "Do you know that we have a very serious financial problem here?" and I said, "Yes. I just met with the principal and had that discussion with him."

The Convener: Professor O'Neill, how does someone one day in the job seemingly know more

than you as deputy principal, who had been there for years, and Ms Bey, who had been deputy chair of the court for so long?

Professor O'Neill: What Helen was able to reveal was shocking and, as I said in answer to an earlier question, we should have had much better oversight of the financial performance of the institution, the cash position and the operating performance. We should have had much better detail and much better alerts of deteriorating positions in that regard. What Helen shared in those opening days was quite alarming to many of us.

The Convener: It is alarming that you and the court did not pick up on that, Ms Bey.

Tricia Bey: That is why the investigation is so important—so that we find out whether things were deliberately kept from us, and whether it was lack of oversight or incompetence, or whether somewhere in those processes things were deliberately kept from filtering upwards. At the moment, we genuinely do not know the intention behind that. We know the result, but we do not know what the intent was. I am sure that everyone in this room wants to know the answer to that question.

Willie Rennie: Helen Simpson, I was struck when you said that two members of staff spoke to you at the end of day 1, so it is clear that there was knowledge in the system that there were issues. Did they give you an indication as to what alerts they had raised in the system?

Helen Simpson: Yes, they had raised concerns.

Willie Rennie: Beyond the department?

Helen Simpson: I have to be careful what I say here, but that is my understanding. That will come out as part of the investigation, but I know that they did raise concerns. They are two excellent accountants who are senior in the department. I will not reveal their names. There are a number of senior accountants in the department, but those two accountants are absolutely excellent and have high integrity, and they knew that I was concerned. My response to them was, "Let us look into this," because although something looks a particular way, you cannot come to a rash judgment. Further work and further validation quickly followed.

Willie Rennie: Were the concerns from those accountants raised with the executive team?

Helen Simpson: I cannot comment on that.

Professor O'Neill: I can say that they were not raised with me.

Willie Rennie: And the court?

Tricia Bey: Not those specific concerns. You began on 8 November, did you not, Helen? It was at the court meeting on 12 November that it was all revealed.

Willie Rennie: There is clearly an indication that those individuals knew for some time that there was an issue, because they were instantly prepared to tell the new interim director that there were problems. I wonder where those alarm bells were rung and why the problems were not brought to you.

Tricia Bey: Exactly.

Pam Duncan-Glancy: I just want to pick up on a point that Willie Rennie made. Given that, as we have heard, concerns were raised with Helen Simpson on day 1, are you saying that no concerns at all were raised with you before 8 November?

Tricia Bey: I am.

Pam Duncan-Glancy: None?

The Convener: Can we get an affirmative on that from all the witnesses?

Tricia Bey: I was talking about the subject that Helen's colleagues mentioned.

Pam Duncan-Glancy: But on the subject of the financial situation of the university, no concerns were raised with you before 8 November.

Tricia Bey: It was 12 November, and no.

The Convener: Professor O'Neill?

Professor O'Neill: We have talked about our questions and so on, but on the concerns that were just mentioned by Helen Simpson with regard to colleagues in her team, the answer is no.

The Convener: And Professor Grubb?

Professor Grubb: I was unaware until Helen Simpson relayed that to the university's executive group.

Pam Duncan-Glancy: It strikes me that it is an odd culture if staff who are really worried about the financial circumstances in an organisation feel that they cannot raise the issue with people such as yourselves. What is your response to that, and what are you going to do about it?

Tricia Bey: I would like the investigation to look at the whole whistleblowing side of things. We have whistleblowing policies in the organisation; I am not sure how well they are understood, but in my world, this is the sort of thing that would be considered as whistleblowing. Therefore, I am interested to find out why a mechanism was not in place in the organisation—or, if it was, why people did not feel confident using it. After all, that is what these policies are for, and I am interested in

ensuring that one of the learnings that comes out of the investigation is why that was the case, and what else we need to do to cause such policies to be more effective or more accessible and to deal with whatever the reason was for people choosing not to enact them.

Professor O'Neill: I agree with the point of the question. We are trying to make sure that we have a culture of openness and transparency and that there is absolutely no sense at all in which people should not be raising concerns. We are in the middle of a crisis, so I think that it is absolutely clear that that is a fundamental lesson that has to be learned. If anybody in any role in the organisation sees that things are not going the way in which they should be going, they need to have the confidence to raise those issues, not necessarily by resorting to whistleblowing, but just as part of the everyday business of the organisation. We must have the kind of culture in which people raise such concerns.

Pam Duncan-Glancy: And you are confident that the investigation and its terms of reference will look at why that culture was the case.

Professor O'Neill: Why it was not the case, yes, and there is an absolutely firm commitment to its being the case and being the way in which the organisation works. I will certainly do everything with my colleagues to try to ensure that the message and the expectation is that we address bad news together.

Pam Duncan-Glancy: Thank you.

The Convener: I want to wrap this up. The draft recovery plan went to the SFC on 6 March and to the Scottish Government on 7 March, and you are now going to share it more widely. Did the document that was sent originally on 6 March include the 632 FTE figure?

Professor O'Neill: Yes.

The Convener: So, that was quite explicit. The Scottish Funding Council knew the figure on 6 March and the Scottish Government on 7 March.

Professor O'Neill: Yes.

The Convener: With regard to the £22 million that you requested in that document, there was, at the time, only £15 million on the table. Now that there is potentially £25 million, do you feel that you should have gone for more than £22 million?

Professor O'Neill: The request for £22 million was made before we shared the recovery plan. It was very much a request that we made when we were aware that we needed liquidity support.

The Convener: When did you put that request in?

Helen Simpson: It was the middle of February.

The Convener: Okay. Going back to the court, Ms Bey, am I right in saying that a resilience committee was established in December?

Tricia Bey: Yes.

The Convener: How many times has it met since then?

Tricia Bey: It has met twice, I think.

The Convener: What is it looking at? Why was it set up, what is it looking at, and is it doing its job?

Tricia Bey: We have had a resilience plan in place for a few years, and the role of the resilience committee, and the plan, is to step in if there is a vacuum of leadership. It was put in place immediately after Professor Gillespie stood down. At that time, people were saying, "What are we going to do now?" [*Interruption.*] Excuse me.

The Convener: Take a drink of water if you need it.

Tricia Bey: The committee was put in place for that reason.

The Convener: How does it work? Who leads it?

Tricia Bey: Basically it was a subset of court; if we needed to move quickly, we could use the resilience committee. However, it was decided pretty quickly that all the decisions that such a committee might make should go through court for the purposes of—

The Convener: Who was on it in December?

Tricia Bey: The chair, myself, the conveners, a union representative, a staff rep and a student rep.

The Convener: So do you now think it is not necessary because, with Professor O'Neill in an interim role, there is no vacuum of leadership?

Tricia Bey: If I may say, there is a slightly different reason for its not meeting. It could meet if it wanted to, but, since I have been in role, court is meeting every week, so we no longer need that sub-group of court.

Willie Rennie: I am curious about the lost month. If you had indicated to the SFC—and, I presume, to the Scottish Government, too—that you had requested the £22 million, why did it take so long for the £10 million and then the other £15 million to arrive? You had made it clear what you required. Why was a month lost?

Professor O'Neill: I think that that is a question that you can ask the SFC. We made the request, and we were assured that it would be there to support us and that the Scottish Government was very mindful of our need for support. We were able to operate on the assumption that we would be

receiving support and that the request was fully understood and would be viewed positively. In other words, we have operated on the assumption that the liquidity support that we had requested would be made available to us, and we have continued with the restructuring proposals that are essential to delivering the recovery.

Willie Rennie: But we know the time that it takes to secure support from the banks and to put in place the severance package that has been indicated. Surely we are talking about a lost month in which you could have progressed with negotiations to secure the package and get on with relieving some of the pain.

Professor O'Neill: The clear understanding is that commercial lenders need to see a full, detailed recovery plan. That is the advice that we were given.

Willie Rennie: Thank you.

Maggie Chapman: Staff and students have been watching these proceedings live, and several of us will have got different emails over the course of the morning. I have just received one that I want to quote from. It says that

"as of next week"—

that is, the week beginning 24 March—

"staff members will find out if they will still have a job. yet there is no"

voluntary severance

"scheme and today they are saying that they will come up with another recovery plan in the next 2 weeks. it's conflicting information".

Can you confirm today that there will be no announcement of staff redundancies, voluntary or otherwise, next week?

Professor O'Neill: We have discussed that with the campus unions at their request, and we advised them yesterday, I believe, that we would not be proceeding with those local plans being shared on 24 March.

Maggie Chapman: You are not proceeding.

Professor O'Neill: We are not.

Maggie Chapman: Okay. Thank you.

The Convener: Professor O'Neill, you said that you wanted the independent report within a matter of weeks. That would certainly meet with the favour of this committee and, I believe, the Parliament. However, as I said earlier, the minister was talking about a report in January, and the investigation has not even begun. Will you give a commitment today that you and your colleagues or, indeed, anyone who might be in your posts come the time—after all, we cannot guarantee that people will still be in position—will come back to

the committee as soon as the report is published to be questioned by members of Parliament?

Professor O'Neill: Once the report is available, of course we will, if that is what the committee wants.

The Convener: Thank you very much.

I have allowed this session to run long, because it is important that we hear the many and varied questions on this issue. There were an awful lot of things that the witnesses said that they would get back to us on, and we would like them to do so as a matter of urgency, given the seriousness of what we are dealing with today. Thank you for your time and the frankness of your answers.

I should also apologise to the Scottish Funding Council witnesses before they get to the table. I appreciate that they have been waiting for quite a long time beyond the allocated start time of their session.

I suspend the meeting for 10 minutes.

11:58

Meeting suspended.

12:08

On resuming—

The Convener: Welcome back. Thank you all for your patience. I welcome our second panel of witnesses, who are from the Scottish Funding Council: Francesca Osowska, the chief executive; Richard Maconachie, the director of finance; and Jacqui Brasted, the interim director of access, learning and outcomes. Thank you for joining us today. I reiterate my apologies that you have had to wait so long to give your evidence.

I know that you would like to give an opening statement.

Francesca Osowska (Scottish Funding Council): Thank you very much, convener and members of the committee, for the invitation to discuss this very serious situation.

I will start by acknowledging the significant uncertainty and anxiety that staff and students are experiencing at the University of Dundee. The Funding Council recognises that this is a very difficult time. I acknowledge the huge amount of work that is being done by staff at the university to respond to the range of challenges that are presented and to get the university back to a sustainable position.

As has been referenced this morning, the University of Dundee is a world-leading institution with a rich heritage in delivering excellent student outcomes and world-leading research, as well as

being an anchor institution for Dundee and the surrounding region. The SFC is committed to supporting the university as it develops its financial recovery plan to return to a position of financial health and enable it to thrive into the future.

The SFC has been working intensively with the institution since we were first notified of the challenges that had been identified. As you will understand—and as the previous witnesses highlighted—the situation is complex and, we believe, is unique to the University of Dundee, although we recognise that the sector at large is operating in a challenging environment.

Responsibility for developing the recovery plan rightly lies with the university, and the SFC's role is to scrutinise that plan, to advise on its deliverability and to monitor on-going implementation of the final plan.

The last time that we appeared before the committee, we talked a lot about the root causes of the situation, and the SFC will be commissioning jointly with the university an independent investigation into that issue. I am pleased to confirm to the committee that that will be led by Pamela Gillies, former principal of Glasgow Caledonian University. The SFC will make that appointment.

Working closely with the university, we have also provided regular advice to the Scottish Government. We have welcomed recent ministerial announcements of additional funding to the sector as a whole, subject to SFC governance processes, which will conclude tomorrow. That funding will allow us to respond to a request from the University of Dundee to provide financial support to help it to address immediate financial challenges as it finalises its overall financial recovery plan.

Although we believe that the situation in Dundee is unique to Dundee, we will continue to work closely with the wider sector. Next week, we will announce indicative allocations, which will reflect increased funding from the Scottish Government and enable us to increase the unit of teaching resource, and we will continue to make the case for investment in our college and university sectors.

The Convener: Thank you for that opening statement. I am sure that all members of the committee welcome your comments about the staff and the uncertainty at Dundee university. I hope that, in this session, we will get a bit more clarity.

It is useful to hear that the chair of the independent inquiry has been appointed. Can you tell us a little bit more about the inquiry? A lot has been made of the fact that the inquiry will be co-sponsored, and you have mentioned that again

today. Where does the responsibility lie? The inquiry must be independent, but obviously you are co-sponsoring it—is “co-sponsoring” the right word? Is that how you describe it?

Francesca Osowska: Yes.

The Convener: What involvement will there be of university staff, unions, students and so on, as well as—to touch on comments that we heard from the previous witnesses—former members of staff? What powers will the investigation have to call witnesses and compel them to give evidence?

Francesca Osowska: I will begin to address those questions, but I will then hand over to my colleague Jacqui Brasted, who has been leading the work on the inquiry.

When an institution is going through challenges, financial or otherwise, it would be the normal process for the institution itself to undertake a lessons-learned procedure or something similar. In the normal course of events, we might expect the institution to lead that. In conversation with the university, the SFC’s strong belief was that, given the gravity of the situation, the hand of the SFC needed to be firmly on the investigation. We needed to take a lead role, not only in the interests of the independence of the inquiry but to ensure that we can learn the lessons for the wider sector that come from the independent investigation.

We feel that the joint commissioning is helpful because it enables the SFC to scrutinise the process. Given that all of the decisions were taken within the university, the fact that the university is also a sponsor addresses your question about the involvement of members of staff. Members of staff who are currently employed by the university will be asked to provide information. With regard to former members of staff—many of whom were mentioned in the previous session—we would very much encourage the inquiry team to contact them.

12:15

I am not sure that this independent inquiry has the same powers as a parliamentary committee in compelling former members of staff to provide information, but my hope is—again, given the gravity of the situation and the significant public interest—that they will co-operate.

I will pick up on one element that was raised in the previous session, which is the role of the trade unions. Jacqui Brasted can pick up this thread. We have heard clearly about the importance of dialogue with the trade unions and, in many of our conversations with the University of Dundee, we have encouraged that on a range of issues. Jacqui has met the unions and has set out the fact that we will be co-sponsoring the inquiry.

We have taken some feedback from the unions, which we have built into the terms of reference. However, following the conversations and discussions this morning, we will—although our intention is to publish the terms of reference later today—have further dialogue with the trade unions specifically on the terms of reference and seek their specific feedback. If we need to adjust the terms of reference in the light of that feedback, we will be able to do so.

I will pass over to Jacqui—

The Convener: Should that have been done before now? Where does the guilt lie? Is there a responsibility on the SFC, or should the University of Dundee have had that discussion before coming up with the terms of reference for the inquiry?

Francesca Osowska: As I mentioned, we had had on-going discussions with the unions, which Jacqui can speak about. We had discussed the fact that we would be going ahead with the independent inquiry, and the unions made various points to us. We have built in those points to the terms of reference, so we have listened to the unions. However, given the questioning this morning, I think that it is important that we now take that additional step.

Jacqui, do you want to come in?

Jacqui Brasted (Scottish Funding Council): I meet the trade unions for the sector more broadly at least twice a year, but I have also met the University and College Union at the University of Dundee on two occasions since the issues arose. I understand the unions’ concerns, and we have had discussions about what they would want to get from an independent investigation and that has been built in. However, as Francesca Osowska said, we will share this discussion with them for any comment to ensure that we have fully reflected their concerns.

Our current draft terms of reference refer to the trade unions as being one of the key stakeholders who should be spoken with as part of the process to understand their perspective.

The Convener: Did you expect the terms of reference to include current and former members of the executive group?

Jacqui Brasted: The terms of reference refer to talking to stakeholders and staff. As Francesca Osowska said, we cannot compel former members of staff to speak to the investigators, but we would very much hope that they would wish to do so in order to give us a full, rounded picture of the root causes.

The Convener: Will it strengthen in any way what Pamela Gillies will have to do if there is specific mention of that in the terms of reference?

Jacqui Brasted: I think that it will make the expectation clearer, but it will not compel them to come forward if they do not wish to do so.

The Convener: You said that you had been looking at this situation. You referred to “co-sponsoring”—the term makes me feel uncomfortable, because it feels like there is too much involvement from the university for an independent inquiry. Can you confirm that, although the university is the co-sponsor, it has no ability to influence or change any of the recommendations? How far in advance of publication will the current executive team and court of the University of Dundee see the report and the recommendations?

Jacqui Brasted: Pamela Gillies has been appointed as the person who will oversee the investigation, so that function is removed from the university. The team that will investigate will be appointed through a procurement process involving an open tender. That process will be led by the university, but the SFC, Pamela Gillies and a university representative will be members of the panel that will make the decision about who will go ahead with that work. Once that work is under way, the investigation team will operate independently.

The terms of reference are clear that the university will provide whatever information is needed. Before we get to the reporting, the SFC will be involved in regular meetings to ensure that the work is progressing and that we understand the emerging findings so that, when we see the report, we can make a judgment that it has not been subject to interference. The university has been incredibly clear that it wants to have an independent external investigation in order to understand and address the root causes.

The Convener: You said in your opening statement that although it normally would be for universities to do a lessons learned report, the SFC decided to intervene because of the gravity of the situation. Did you expect that we would be sat here, in mid-March, with no investigation started, or did you expect that it should have been under way by now?

Jacqui Brasted: We have been allowing the university to focus on bottoming out what the issues were and on the financial recovery plan. Given the information that the investigation will need to look at, we felt that it could have been unhelpful to the university, in its bottoming out the issues and taking forward the development of a recovery plan, to have that work running too closely in parallel.

Now that we have the draft recovery plan—albeit the university will be doing more work on that—we feel that we are in a position in which we

can start taking that forward, given that a procurement element still needs to happen.

The Convener: What timescale has been given to Ms Gillies to complete that?

Jacqui Brasted: The reality is that it will be three to four months from when we appoint, because a lot of information needs to be gone through. We want to make sure that all stakeholders are consulted, so I think that it is probably in that order.

The Convener: The interim principal was speaking about it taking weeks.

Jacqui Brasted: Yes. In my view, that might be optimistic. What I would like to do is not commit to a timescale for us then to come back and say, “It’s not done yet.”

The Convener: I go back to the point that I have mentioned a couple of times. In January, we were told, as a committee of Parliament, that this report would be coming. When we were sat here in February, the inquiry had not even started. Now it is going to take three or four months.

I understand that due process has to be followed, but there is an urgency here. We have heard that there are still many questions for current and former members of the University of Dundee. The longer that this goes on, the longer there will be uncertainty for staff, students and the university.

Jacqui Brasted: We understand that, convener. We are looking to finalise the terms of reference. We will share that with unions as a matter of urgency today for comments. We will look to publish that, and then to start the process of procurement for the investigation team that will support Ms Gillies.

The Convener: The SFC meets tomorrow to decide on the £25 million of additional funding. Is that correct?

Francesca Osowska: The Scottish Funding Council board meets tomorrow. The request that the University of Dundee has made for financial support for immediate challenges is £22 million.

The finance committee of the SFC met yesterday and is recommending to the board that the £22 million is made available. However, obviously, I cannot pre-empt the decision of the board tomorrow.

The Convener: What happens with the additional £3 million that has been allocated? Were there any other submissions from any other universities?

The Government has been clear that, for reasons including to do with the Office for National

Statistics, it cannot stipulate that that money goes to the University of Dundee.

In the period from the announcement of both the initial sum of money and the top-up last Friday, have there been other requests for that support?

Richard Maconachie (Scottish Funding Council): I am not aware of any.

Francesca Osowska: No.

Convener, you are correct to say that the Government has made available £25 million of support. Of that, £15 million is in financial transactions, which was announced as part of the budget statement, and it has made available an additional £10 million. In both cases, when announcing that additional support, the Scottish Government has used the language of support for the wider sector.

We have not had any additional requests. We will use that funding in line with our normal processes of assessing the need from institutions for financial support.

I do not know whether Richard Maconachie wants to add to that.

Richard Maconachie: I do not think that I could add anything to that.

The Convener: When the Scottish Government announced the top-up funding to take the total to £25 million, it was already in receipt of the recovery plan, which had a request from the University of Dundee for £22 million. That included the loss of 632 full-time equivalent jobs. The Scottish Government knew two things at that point—it knew many things, but there are two main points. It knew that it was giving you more money than had been requested by the university. It also knew that, even if the university got all the money that it wanted, there would still be 632 full-time equivalent jobs lost at the University of Dundee.

Francesca Osowska: That is correct.

The Convener: Okay—I just wanted to get that on the record.

Pam Duncan-Glancy: I have a small supplementary question on this topic. Are you aware of where the £10 million has been reprofiled from in the education portfolio?

Francesca Osowska: Richard, do you want to answer that question?

Richard Maconachie: That is actually money from within our budget that we have managed to bring forward because of reprofiling in our spend. It would otherwise have been surrendered to the Scottish Government, but it said that we can keep it and put it towards this project.

Pam Duncan-Glancy: It is an underspend.

Richard Maconachie: It is a reprofiling. Money was spent in advance—we have brought it forward from the next financial year.

Pam Duncan-Glancy: Okay—thank you.

The Convener: When would it have gone back to the Government?

Richard Maconachie: It would have gone back as a surrender during the next financial year.

The Convener: You informed the Scottish Government well ahead of Friday that that money was going back into its coffers, and then it told you to put it in a pot that the University of Dundee can apply for. It is quite lucky that that money became available and that the sum roughly equates to—

Richard Maconachie: Obviously, we are looking at our budgets and working them hard to see where we can find funding, but that money would have emerged in the past few weeks.

The Convener: Okay. Is that when the Scottish Government would have known about it?

Richard Maconachie: We meet Scottish Government colleagues, including finance colleagues, on a weekly basis to look at treasury management, and we are offering up money. At that point, we were pulling together a funding package with the Scottish Government.

The Convener: Your terminology of “offering up” is quite interesting. After it made the original announcement in the budget of £15 million, which was the first sum of money, did the Scottish Government, between the date that Shona Robison announced that in the budget debate in the chamber and the past Friday, ask you in those daily or weekly meetings to come forward with more money?

Richard Maconachie: No. We were working with the Scottish Government to identify how the £22 million could have been put together. It came forward with £15 million from financial transactions. We looked at our budgets while it continued to look elsewhere. We have managed to pull together some money as well.

The Convener: Okay—thank you.

Francesca Osowska: Could I add to that, convener?

The Convener: Please do.

Francesca Osowska: You will be aware that, given the significant amount of funding that the Scottish Funding Council handles each year, our discussions with the Scottish Government on treasury management are incredibly regular, as Richard Maconachie said. Given some of the challenges of managing that budget, which is allocated to us on the basis of the financial year

but allocated to institutions on the basis of the academic year, there is often flux in managing those sums.

Two processes were happening at the same time. There was the regular engagement with the Scottish Government on treasury management and there was also engagement on how we could meet the immediate challenges that the University of Dundee was facing. Both those processes happened concurrently and have come together in that additional £10 million.

The Convener: This is my final point. It is important to get clarification. Last week, we heard a lot in the chamber from Scottish Government ministers—up to and including the First Minister—that the job losses that were announced by the University of Dundee were unacceptable. We have heard that again today. They said that they would look to see what could be done. However, when they offered that money—up to £25 million—they knew that it would not prevent any of the job losses in the draft recovery plan, because those losses were in there along with the request for £22 million.

Francesca Osowska: That is correct. To clarify for the committee's benefit, if, tomorrow, the Scottish Funding Council board agrees the £22 million support to the University of Dundee, that will be, as you heard from the previous witnesses, to meet some immediate challenges on cash flow.

On the figures in the financial recovery plan and the predication in relation to potential job losses, we very much want to work with the University of Dundee to see whether there are alternatives—I am sure that we will come on to that. That is the second phase, if you like, beyond the initial support for the immediate financial challenges. Richard?

Richard Maconachie: You have gone to the point that I was going to make, which is that this is about the money to keep things moving at the moment. Any subsequent package is a totally different negotiation.

12:30

Willie Rennie: How close is Dundee to collapse?

Richard Maconachie: It is very close to collapse if we do not give it the liquidity funding.

Willie Rennie: If the 632 full-time equivalent jobs do not go, do you think that the university will collapse?

Francesca Osowska: That is a very difficult judgment to make at this point. We heard and understood from the University of Dundee—this is what was set out in the previous session—that

there is a deterioration in the cash balance position. Richard Maconachie has talked about the need for funding in the short term to keep things going. The immediate challenge is that the culmination of the cash balance position is likely to materialise in June.

You asked about whether there will be an immediate collapse. The University of Dundee will not collapse tomorrow, but the deterioration in the cash balance position means that, without the additional support, there would be a significant challenge to the cash balance situation, which would materialise in early summer.

Willie Rennie: We do not have much time.

Francesca Osowska: We do not have much time. However, if the Funding Council board agrees the £22 million package tomorrow, we will have time to work with the University of Dundee on a further iteration of its financial recovery plan, which might not have such a high degree of job losses.

You heard from the University of Dundee in the previous session that the initial draft recovery plan was very much pulled together through a financial lens, but we will be working with it on a wider perspective and asking what the other options are—phasing has been mentioned, but I do not think that phasing is the only potential alternative. That work needs to happen at pace, however; the interim principal committed to considering initial options within two weeks and we are certainly committed to that timescale, too.

I hope that it is okay to give a lengthy answer, convener. It is incredibly important that we are able to stabilise the financial position at the university and have a credible financial recovery plan that will allow it to re-engage with its creditors. We know that the revolving credit facility that the university previously enjoyed has been suspended; we understand that the lenders might be willing to engage in positive discussions, but that would be on the basis of a credible financial recovery plan.

To go back to your question about timescales, Mr Rennie, I believe that we have the time to look at those alternative options to allow an informed conversation with the Bank of Scotland. Richard?

Richard Maconachie: You are covering all of my points.

Francesca Osowska: Oh, right. Sorry, Richard.

Richard Maconachie: It is great!

Willie Rennie: Should the inquiry, led by Pamela Gillies, include the Scottish Funding Council? Should you be under inspection?

Francesca Osowska: If the inquiry has lessons for us to learn, I would be very pleased to hear

them. Jacqui Brasted might want to set out some of the review that we have done recently in terms of our—

Willie Rennie: Before you do that, I want to say that the warning signs about the whole sector have been there for a long time. Various reports have noted concerns about the rise of international students, the volatility of the market, the fact that we get more money from international students than we do from domestic students and the falling returns from the research excellence funding at UK level.

All the signs were there. The fundamentals for the whole sector have been very weak for a long time. It was only a matter of time before it led to risky behaviours in institutions, and we have seen that happen in Dundee.

Were you speaking with this intensity not just to the University of Dundee but to all the institutions about their funding arrangements?

Francesca Osowska: I will kick off on that. You will be aware that the Funding Council engages with all institutions on a regular basis. We have powers of financial and other intervention. As part of our engagement, we require certain financial and other information to be returned to us regularly.

As we heard from the previous witnesses, there are some systemic challenges for the sector as a whole. I met Universities Scotland yesterday in which we discussed some of the long-standing systemic challenges in the sector: Brexit, immigration policy, the cost of living, Covid leading to changed behaviour and demographic challenges. Those are common to the sector as a whole.

We heard from the University of Dundee, and we have observed in our engagement, that some specific issues have occurred in the university, which the interim principal of the University of Dundee set out openly. When we found out about them, we upped our engagement.

On your point about how we engage with and assess the wider sector, we continue to assess the financial health of institutions using our engagement programme and framework. There have been a number of well-publicised cases of other institutions needing to take action to stabilise their position. Some of the materiality that has appeared in the University of Dundee's case is different to that in other institutions. The other institutions have recognised that, because of those wider factors, they need to adapt and change their future visions and business plans. They are doing that. Some of the changes that they need to make to their structures are because of the changes that they want to make to their future business models. What we heard from the University of Dundee was

that it had not taken account of those wider changes and was not sufficiently alert to make those changes.

Willie Rennie: Did you not spot that?

Francesca Osowska: No, we did not.

Richard Maconachie: We have an extensive way of monitoring and giving assurance on the sector. As Francesca Osowska said, we get various reports and information flows throughout the year. We engage with lenders to get their health check on how the sector is doing. As recently as last September, we had an independent third-party review of our assurance systems, which came out very well.

The issue for us, though, is that we are looking at, in audit terms, a systems audit. We look at the system and at what has been reported. We have to rely on the assurances that the universities give us, and we place faith in the assurance that the auditor gives us, that the external auditor gives us and that the information that is reported to us is fair and accurate. Where I think the University of Dundee differs from all the other institutions—which we could talk about—is that there were fundamental failures of governance and control, which perhaps resulted in inaccurate data coming forward.

Francesca Osowska: If it would be helpful, Mr Rennie, I can set out some of the steps that we have taken and the timeline of events.

Willie Rennie: Is that the ones from before the university reported to you its difficulties?

Francesca Osowska: The reporting to us of the difficulties happened on 13 November, after the court—

Willie Rennie: Was there any notification?

Francesca Osowska: No.

Willie Rennie: That is my point about the early warning system that you have. We knew about the volatility in the international student market, particularly the University of Dundee's overexposure to the African markets, and about the long-term overexposure on research, which the university has said was an obvious issue over a period. Did you not pick up on either of those two issues and raise them directly with the university to challenge the assumptions that it was making?

Jacqui Brasted: We have quarterly meetings with all institutions. We talk to them about risk and what we are seeing in regard to their performance. We have had those conversations with the university, but we were assured that it was taking steps to address those things and manage those risks.

Willie Rennie: You are the experts. You are the people who know the sector inside out. Despite all the warning signs going off everywhere, you took the university's assurances. Surely, if you are the experts, you should have challenged it much more robustly, particularly on the long-term exposure on research and on the volatile African market. Did your team not question the university on that?

Jacqui Brasted: It was part of the discussions. As I said, we have talked to the university about the actions that it is taking and the savings that it is identifying in order to address issues. Nothing in the discussions suggested that the problem was going to be as big as it has turned out to be.

We are considering our processes and whether we could do something differently in future in order to identify such issues. I hope that the investigation into how the situation came about and its root causes will help us to look again at what we do.

Francesca Osowska: We have an engagement framework when it comes to our conversations with institutions. When we think that institutions need significant help, we increase our level of engagement and monitoring. For example, the University of Dundee now provides us with monthly financial information rather than quarterly information.

Willie Rennie: Did you ask for that last year, before 13 November?

Francesca Osowska: We asked for that when we understood how difficult the financial problems were. We are challenging in our conversations with institutions. Regarding the points that you picked up on exposure, as I referenced, all tertiary sector institutions are subject to a range of external pressures. All universities have faced challenges arising from the United Kingdom exiting the European Union, decisions on immigration visas and so on.

We believe that the situation at the University of Dundee is unique, because other institutions have reconfigured their future business strategies in response to those challenges. We have been challenging but are absolutely happy to learn lessons.

Willie Rennie: Time is short, so my final question is this: is the current financial model that has been established by the Scottish Government sustainable?

Francesca Osowska: I come back to the fact that all institutions operate within that financial model, which we know has stresses and strains. Jacqui Brasted can perhaps talk about some of the engagement that we have had with institutions.

The interim principal was similarly asked about whether he would be open to a discussion about

other financial models. The Scottish Funding Council is happy to participate in any discussions about whether there are potential other—

Willie Rennie: Given all your knowledge and analysis and questioning of the various institutions, do you think that the current model is sustainable?

Francesca Osowska: It is impossible to look into the future with perfect foresight, but the operating environment is challenging at the moment. However, we are able to give institutions the support that they deserve.

Richard Maconachie: The situation is challenging and will continue to be challenging. Whether the model is sustainable or not, it is a matter for the Government and Parliament to decide on the amount of resource that it wishes to put into the sector.

Willie Rennie: We will all read your caution in answering that question in our own way.

John Mason: To follow on in the direction that Willie Rennie was going, of the £25 million that has been provided, £15 million is financial transactions money—effectively, it is a loan that the university will have to pay back at some point—but is the £10 million the same?

Francesca Osowska: No.

12:45

John Mason: Is the £10 million a grant or is it also a loan?

Richard Maconachie: It is a grant but, depending on what our board says, we may put conditions on that to recover it.

John Mason: Fair enough.

The Convener: For clarity, if the university is asking for only £22 million of the £25 million, are we talking about the whole of your £10 million or the whole of your £15 million?

Richard Maconachie: The whole of our £10 million is what I am imagining—although it is not my £10 million.

The Convener: You are talking about the whole of your £10 million and then the remaining £12 million of the £15 million.

Francesca Osowska: Yes, so there is £3 million in financial transactions.

The Convener: As John Mason said, that would be a loan if you were going to redistribute it any other way.

John Mason: I think that you have said already that you were looking at quarterly accounts but that you now get monthly accounts from Dundee.

Richard Maconachie: Yes. We have stepped up to monthly scrutiny and we have face-to-face meetings with the interim director of finance.

John Mason: How does that actually work in practice? Are they effectively management accounts?

Richard Maconachie: Yes—they are management accounts. To give you some assurance, I can say that the management accounts that we are now getting from Dundee are of a high standard. They do not paint a pretty picture, but they are good quality and we can rely on them.

John Mason: Looking back, do you now have some reservations about the quarterly accounts that you were previously getting? Will that be the result of the investigation?

Richard Maconachie: Yes. I suspect that that will come out in the investigation. We have to assume that they were deficient.

John Mason: Fair enough.

You may have heard some of my earlier questions. I mentioned that the auditors were happy to say that the university was a going concern at the end of 2023.

Richard Maconachie: That is correct.

John Mason: Ernst & Young is a reputable company and, on the whole, I would tend to trust it. Did you accept that judgment at face value or did you do any digging below that?

Richard Maconachie: It is the responsibility of the court of a university and of its leadership and management to run its systems and produce its accounts. We do not go into a university to look through its books. If the university is assured by auditors, we take that on trust as being reliable.

There are three lines of defence in the university itself, so we have to take that as dependable.

John Mason: Both your colleagues want to come in.

Francesca Osowska: Everybody wants to speak to you, Mr Mason.

I know that you are asking about the past accounts, but I want to provide the committee with information on current assurance practices that the Scottish Funding Council has put in place.

As Richard Maconachie said, it is not possible for the Scottish Funding Council to go into every institution to shadow run it, and nor would that be appropriate. However, given the severity of the situation at the University of Dundee, the Scottish Funding Council now has representatives at its court, at its finance and policy committee and at its audit and risk committee as a further way of

ensuring that we are getting the accurate information that we need.

John Mason: Is that the arrangement for Dundee?

Francesca Osowska: Yes.

John Mason: If I was in your position, I would be wondering whether there is another university out there in a similar situation. Have you changed in any way the information that you are getting from other universities or your interactions with them?

Francesca Osowska: On the first part of your question, about whether the Funding Council is wondering whether there is another Dundee, that is, of course, at the front of our minds. That is a very human reaction to what is happening. The SFC has gone through a lot of assurance processes to assure ourselves that there is no other such example. I will not repeat what I have explained previously, but we think that Dundee is unique.

Jacqui Brasted might want to come in on that.

Jacqui Brasted: We are doing an additional piece of work. It is out to tender at the moment and that tender closes this week. We are looking for support in reviewing all of the most recent governance effectiveness reviews, which are done externally to and independently of universities and colleges, so that we can understand whether there are any flags that might indicate that financial scrutiny is not what we would hope for. We do not anticipate any issues, but that is a fallback just in case, and we will be able to follow up anything that we identify to understand any issues.

To answer the question, we do not think that there are any other examples but we are doing additional work across the whole sector, just in case.

John Mason: I am reassured that you are involved at Dundee in the audit and risk committee and the finance and policy committee.

Jacqui Brasted: Yes—and the court.

John Mason: One question that has arisen—I do not know whether we have reached a conclusion on this yet—is whether the committees' scrutiny of the executive was sufficient. I presume that you will now pick that up at Dundee. Do you normally have direct interaction with such committees to reassure yourselves, or would you rely on the internal auditors to reassure you?

Richard Maconachie: We would rely on internal audit and, of course, external audit, because they get management reports and management letters.

Jacqui Brasted and I have also been discussing whether there is something more that we could do. To get to the point, you do not know that there is a black swan until it arrives at the side of the lake, as it were. We have been thinking about what else we could do. We are thinking about whether we could do some hot reviews of universities to give more assurance to our board. We are thinking along those lines.

John Mason: I can picture how such situations happen. People get to know each other, so they do not ask very searching questions. We heard that from somebody who was on one of the committees or the court. You trust the people who you work with but, at the same time, somebody needs to question that.

The university told us that the accounts and financial statements are coming in April 2025, which is next month. Is Dundee the last university to do that? I assume that it is.

Richard Maconachie: It is.

John Mason: Do you find that timescale of nine months acceptable?

Richard Maconachie: We have put pressure on the university, but we recognise that it is also under a lot of other pressure. It was due to meet the December deadline that we set for it until what happened in November blew up. It is probably right that it focuses on making sure that it can meet the bills.

John Mason: Yes. Do you interact with the external auditors at all?

Richard Maconachie: We have done so with Dundee. We would not do so normally but, when there is an indication of an issue or distress, we would engage with the auditor.

John Mason: The auditor will have to comment on the point about it being a going concern again this year.

Richard Maconachie: Yes. I met Ernst & Young recently to hear about the process of the accounts and how the audit was going. I also asked about its feelings about the situation and why it could have happened, and for its temperature gauge of the current team. I am due to meet Ernst & Young again before it gives its final report.

John Mason: Can you say anything about what Ernst & Young said, or is that confidential?

Richard Maconachie: It is confidential.

John Mason: Fair enough.

The accounts talk about the identified key risks and mention the five top ones, which are cybersecurity, student experience, staff

experience, research excellence and financial sustainability. I have to say that the descriptions are quite vague. Under student experience, it says that bad student experience could go on to mean a reduction in student recruitment, but student recruitment was not one of the top risks. Do you look at those identified key risks and assess them in some way, or do you challenge them or accept them?

Richard Maconachie: We would assess the annual report in the round and feed back on the comments. I do not think that we would ask the university to reorder its risks as a matter of course. If there was an omission, we would certainly ask why it was not considered.

The annual accounts that you are referring to were prepared before all of this blew up. For me, the interesting thing is how you could say that and then suddenly change it, and that is what our external review will bring out. We can then start to make some judgments. I heard some of the committee members asking salient questions about some of the things that might have gone wrong.

John Mason: I accept that the matter is historical and that those are the most recent accounts that were published. On the other hand, the forecast for the university being a going concern is up to July 2025, so I assume that the auditors must have asked questions and received some assurances. Thank you.

Pam Duncan-Glancy: Thank you for answering the questions so far. My questions follow Willie Rennie's points about the circumstances in the sector but, before I ask them, I will pick up an emerging theme from the meeting, which is that you have said that the information that you had available to you at the time did not allow you to predict that things were going wrong. That is also the message that we heard from the university witnesses on the first panel. What are you doing about that? It does not seem to me that the early warning system is very efficient if there is gatekeeping on the information that you guys are getting.

Richard Maconachie: Forward forecasts for at least two to three years in advance make up some of the information that we receive. I come back to the point that that is based on information that is prepared and supplied by the university. If, for whatever reason, its systems, including human and technical systems, are not reporting the correct position, we will not pick that up. We have to rely on what the university is producing for its governance bodies.

To that end, and to address committee members' points, that is why we are thinking about how we can get assurance on the governance and

control measures that universities have in place, which goes to the work that Jacqui Brasted is commissioning now, as well as whether we could do some hot reviews. By that, I mean commissioning people to go into universities to look at them in-year.

Pam Duncan-Glancy: It feels as though something of that order needs to happen because—obviously, you will have followed discussions closely—the Government has pointed to the SFC as the body that should oversee and fix the situation, and the university has said that it is engaging with you. A lot of people are relying on someone checking universities' homework. From the information that the committee has heard this morning, it appears that the current processes are incapable of detecting or getting the information that is needed to allow proper scrutiny of the way in which organisations are being run. That is a difficult thing to say and to hear, but what do you think that you should do to address those problems? What specific actions can be taken?

Richard Maconachie: I think that we should undertake hot reviews and send teams into universities to study how they are running. I have not had a chance to work up that idea or to talk to Francesca Osowska about it, but that is the only way that I can think of to get the assurance that you are asking for.

Francesca Osowska: I completely appreciate the question, and I will bring in Jacqui Brasted in a moment to talk about the engagement framework that we use with universities. We have outlined it, but it would be useful to say what it entails in a little more detail and how we want to build on it and improve it based on what we know at the moment about the situation at the University of Dundee. I stress that I said “at the moment”, because I do not want to pre-empt the independent investigation that we have mentioned.

My overview position, based on my engagement with institutions and Universities Scotland, is that there have been information and governance failures. Although we are focused on the financial issues and their human cost, without pre-empting the independent investigation, I think that this morning you have heard about a failure of governance.

Jacqui, do you want to talk about the engagement framework and how we plan to build on that?

Jacqui Brasted: We have an outcomes framework and assurance model, which sets out the outcomes that we expect institutions to deliver in return for their funding. It covers good governance, financial sustainability and the full gamut of activities such as widening access,

quality and equality, diversity and inclusion. We assess how they are delivering against that. The assurance model includes monitoring, which involves looking at data and information, but there is also the engagement element. Where we identify a risk that an institution is not delivering well against the outcomes in the framework, we will increase our engagement. We meet with all institutions at least quarterly, but we will increase engagement, have conversations and challenge where issues are identified.

13:00

We have other tools at our disposal so, if we identify issues, we have other ways that we can intervene. As you have heard, in Dundee's case, we are observing its court and its committees. We can undertake investigations and we can require action plans. If there is a breach of the financial memorandum, we will write to the institution, explain what it has breached and require an action plan and a remedy to ensure that that does not happen again and to establish what it is doing to ensure that it identifies the issues so that that does not happen again.

We can carry out a range of activities. We can also work with the Office of the Scottish Charity Regulator, because all the institutions are charities, so we can invite it to bring its powers to bear. We have done joint work with it in the past where there have been particular issues at an institution. We have a range of powers, but we use them in a bespoke way to address the actual issue at an institution, so we would not always do the same thing in every case—it would depend on the nature of the issue and how we think that we can best resolve it.

Francesca Osowska: Jacqui Brasted referred to the financial memorandum, which is the agreement that we make with every institution to which we allocate funding. It has stringent conditions attached, so it is a really important tool. Jacqui also referred to our powers of intervention, which we have in relation to our financial responsibilities and our regulatory powers.

I appreciate that it has been a long meeting, convener so, if it is useful, I am happy to write to you to set out how we exercise our duties in relation to the financial memorandum and our responsibility in terms of our financial and regulatory powers.

Pam Duncan-Glancy: I assume that that would be helpful, convener.

The Convener: Yes, that would be very helpful—thank you.

Pam Duncan-Glancy: I appreciate that, and I have listened carefully to what you said about the

regularity with which you look at the accounts, the engagement and the expectations that you set out. However, we are still in the situation that we are in, and many people who are watching this will be wondering, given all that, how we are where we are.

Francesca Osowska: Yes, indeed, and I absolutely recognise that. I do not want to try your patience by saying the same things again, but we are where we are because—again, I say this without prejudice to the independent investigation—information flows were not flowing in the university as might have been expected. That meant that we did not have the information that we required. Again, I say this without prejudice to an independent investigation, but I come back to the governance failures that I believe the interim principal alluded to this morning. However, the independent investigation will give us much more detail on that.

Pam Duncan-Glancy: Have you had any direction from the Government on that?

Francesca Osowska: Do you mean in relation to the investigation?

Pam Duncan-Glancy: Have you had any direction from the Government in relation to the governance and your expectations on the information flow in universities?

Francesca Osowska: We have not had direction from the Government. As you will know, the Government is obviously very concerned about the situation in the University of Dundee. Naturally, the Government has asked—as you have asked, as I have asked and as our board has asked—how we know that there are not other institutions in this situation, and that is a fair question. We have responded in a similar way in relation to the processes that we undertake but, no, we have not received direction.

Pam Duncan-Glancy: Have you had any direction from the Government about what to do next?

Francesca Osowska: We have not had direction; we have had discussions with the Government. The Government has provided £25 million-worth of financial support to the wider sector and, as was mentioned earlier, if our board approves it tomorrow, £22 million of that will support the University of Dundee with its immediate challenges. We have had discussions with the Government about the financial recovery plan, and conversations with it about what issues might be pertinent to consider for a further iteration of that plan.

Pam Duncan-Glancy: Yesterday, the permanent secretary told the Parliament's Finance and Public Administration Committee that

university funding was a high risk and that that risk had got higher over recent years. Do you agree?

Francesca Osowska: The operating environment for universities has, yes, become more challenging.

Pam Duncan-Glancy: Is that to do with the model? Does the Government understand the extent of the risk and is it acting to address that?

Francesca Osowska: The Government absolutely understands the extent of the risk. I have talked about the exogenous factors that act on the sector and, yes, I believe that the Government understands that. Indeed, in the budget announcement in February, additional funding was provided for both universities and colleges, and, for universities, both the teaching provision and the capital provision that would help research and knowledge exchange.

I think that, of course, the Government is aware of the challenges facing institutions, which—as I mentioned earlier—come from a range of directions. We work with the Government, which has a difficult job to do in apportioning the budget across a range of portfolios. Our job, once we have our budget allocated, is to work with institutions, and work through our governance processes, so that we are able to fund institutions in line with our statutory duties.

Pam Duncan-Glancy: Is it acceptable and sustainable to continue on that trajectory in a model that is considered to be high risk with the risk getting higher?

Francesca Osowska: I am confident that the Funding Council can continue to operate within that environment, and we will continue to—

Pam Duncan-Glancy: But for universities across Scotland?

Francesca Osowska: I have been clear that we recognise the challenging environment. I would observe that a number of institutions also recognise those exogenous factors that are impacting on both their cost base and their income, and are adjusting their business plan accordingly.

Richard, did you want to add to that?

Richard Maconachie: Dundee is different because of the scale, pace and depth, and the suddenness, of what has happened. As Francesca says, others are taking the right steps now, or have been for a number of years.

Pam Duncan-Glancy: I do not disagree that there are different things going on in Dundee—there certainly are. We heard about a lot of that earlier this morning and I am sure that the independent review will look at that. Nonetheless, both the university's acting principal and the

Government's permanent secretary have alluded to the broader funding model being a risk within that environment. Would you accept that?

Richard Maconachie: I accept that the permanent secretary said that, yes.

Pam Duncan-Glancy: But would you accept that it is a risk?

Francesca Osowska: I come back to what I said: this is a really difficult operating environment for universities, and with that comes risks. Some institutions are better, or maybe have proved themselves better, than others at adapting to that model and to the risks.

Pam Duncan-Glancy: Given what we have heard today about some of the implications of that model, do you think that it is worth the risk?

Francesca Osowska: I am not quite sure what you mean when you say "worth the risk".

Pam Duncan-Glancy: Some of the implications of where we are look like in excess of 600 jobs going in Dundee.

Francesca Osowska: Sorry—forgive me. The situation in Dundee and the jobs at risk—as, again, you heard from the university this morning and from me earlier—is entirely regrettable, and nobody wants to be in that situation. We all feel for the people who are potentially in that situation, and indeed for the students and prospective students, who are—while I am confident that the quality of teaching remains—living through a very uncertain period. With regard to the situation at Dundee and whether that is caused by or is a direct result of what you have termed a risky financial model, we have heard that there are specific factors in Dundee.

Pam Duncan-Glancy: But other universities are having difficulties.

Francesca Osowska: Other universities are, yes. I made reference to other high-profile cases of institutions—not just in Scotland—that are having to restructure their business model. That is very difficult. It is very difficult for any business, particularly when that business is a seat of learning, is very prestigious and is renowned across the world. What you heard from the interim principal of Dundee university this morning is that if there is to be a conversation on different financial models, then he—and, I am sure, every principal across Scotland—would love to be involved in that. The Funding Council would contribute to that. It is not in my gift to change the financial model, but we would certainly be willing to contribute to a conversation.

Pam Duncan-Glancy: Thank you.

Willie Rennie: We know that you are restricted in what you can say, but my concern is that, in a

year's time, we may be back here with another institution—perhaps not in exactly the same circumstances—and that you will regret not raising the alarm to ministers about the current funding model. Although you are restricted in what you can say, you know exactly what is going on in our institutions, and we all know that the threats and headwinds are enormous.

My concern is that everybody is tiptoeing around this when, in fact, we need to have an open discussion about a more sustainable model, because if we carry on as we are, we may end up with more cases that are not exactly like Dundee, but are pretty much like it—and the workers who lose their jobs will feel exactly the same as those in Dundee. So, if you are not prepared to tell us the exact situation today, I hope that you are telling ministers in private, because they need to fully understand the consequences of their inaction. I do not expect an answer.

Jackie Dunbar: After what we heard in today's first session, I have to disagree with Willie Rennie saying that the Scottish Funding Council would know exactly what is going on in institutions, because the institution itself did not seem to know what was going on.

What would happen to the University of Dundee if the £25 million had not been made available to it?

Richard Maconachie: It would run out of money. It would run out of money to pay salaries and bills as they are due.

The Convener: By June or July, I think.

Richard Maconachie: Yes, as we heard this morning.

Jackie Dunbar: I totally agree with what Tricia Bey said earlier. I am not sure whether the Scottish Funding Council was in at that point.

Francesca Osowska: We were here.

Jackie Dunbar: In your discussions with the Scottish Government, has it ever asked the University of Dundee to look at alternative budget savings rather than going down the redundancy line?

Francesca Osowska: In our conversations with the University of Dundee on the back of the draft financial recovery plan, we will be looking at those different options.

Jackie Dunbar: Was the Scottish Government willing to not go down the redundancy line, or is that not something that you can answer? It is not a trick question; it is a genuine question.

Francesca Osowska: Sorry, Ms Dunbar. Are you asking whether the Scottish Government has

had direct conversations with the university about the financial recovery plan?

Jackie Dunbar: Yes.

Francesca Osowska: Most of the dialogue has been conducted through the Funding Council. That is what ministers have asked us to do.

Jackie Dunbar: Have you asked the university if it would look at those options?

Francesca Osowska: Yes.

Jackie Dunbar: Okay, thank you. Has the Scottish Government, through the Funding Council, given any indication that it would be open to providing further help if required, or whether it can?

Francesca Osowska: It is useful to think of the position at the moment in different phases. I recognise that we are dealing with a very immediate issue, but as Richard has highlighted, the immediate funding need would materialise—or rather, difficulties would materialise—in June if that funding is not provided. I recognise that there is not a lot of time between March and June, but there is some. I think that the interim principal gave a commitment to look at alternatives to the current financial recovery plan or at an iteration or iterations of the financial recovery plan in the next two weeks. That will allow us, and, importantly, the university, to assess what a total financial ask might be—not only a public sector financial ask, but also what credit might be afforded by its lender.

13:15

I suggest that there are three important phases. First, there is the provision of support for the immediate challenges that we have talked about.

Secondly, there is some intensive work between the Scottish Funding Council and the University of Dundee on the next iterations of the financial recovery plan.

Thirdly, on the basis of that, there is then a discussion between the University of Dundee and the bank about what access to credit facilities there may be. If the university's lender cannot provide the totality of the ask, that then leads to a conversation about whether public funding is required.

I note that the current draft financial recovery plan is predicated on support from the lender and a return to access to the revolving credit facility. At the moment, the draft financial recovery plan does not make any additional request for public funds beyond the £22 million for immediate challenges.

Miles Briggs: Good morning. Thank you for joining us.

I think that we have all been trying to establish a timescale for your opportunity to know what was going on. I appreciate that you sat in for the whole of this morning's first session and I wondered whether there was anything in the version of events that we were told that you would say was not accurate in terms of the University of Dundee having conversations with you about where it was.

Francesca Osowska: No.

Miles Briggs: In relation to the financial stresses that we have heard about, you mentioned the notion of hot reviews. When all those financial stresses are happening—they are very much happening across the university sector at the moment—how are you able to have some earlier warning of what that is looking like? Is it literally just the three monthly budget statements for other universities that you are looking at?

Richard Maconachie: Under the financial memorandum, which Francesca referred to, universities are obliged to alert us to any signals of financial distress or other issues that they see coming. We expect them to make contact with us, so there is that.

Other than that, we review the published data that we get. We have regular meetings with the team at the institutions through Jacqui's team of outcomes managers, and also through our team of finance business partners in order to try and understand what is going on there. I recognise the deficiency, in that we do not know how good it is under the bonnet, because we are not seeing and monitoring and sitting on top of that finance team. I recognise that there is a weakness there.

Francesca Osowska: I will pick up on something very important that Richard said about the financial memorandum. I said that we would write to you with more details of that, but I note that it is part of the condition of the funding that we provide, as per the financial memorandum, that institutions alert us to any burgeoning financial issues. Again, although I do not want to pre-empt the independent investigation, I note that we did not have that alert from the University of Dundee.

Miles Briggs: To continue the analogy of not knowing how things are until you look under the bonnet, you are, however, meeting the mechanics. We have heard this morning about changes to information being shared, especially around the court's role, about which I was very concerned. Did you have any concerns about the performance of the senior management team or the court's ability to do the job of governance?

Francesca Osowska: Jacqui, do you want to pick up on the point about governance?

Jacqui Brasted: We have not had sight of any of that. We would not normally engage with the

court directly. We engage with the senior management team—with the executive. To engage with the court would be an escalation.

Miles Briggs: Okay. Thank you.

Michael Marra: Thank you for all the answers so far. Members of the previous panel said that they would be happy for there to be a short consultation with staff and the community about what should be included in the terms of reference of the independent review. It is imperative that confidence is built in this process—that is a necessary prerequisite.

You have now announced the chair of the review, and Pamela Gillies is a very eminent individual. She is a good Dundonian as well as someone who has led in the sector. Can you commit to some form of consultation with staff about what should be included in the terms of reference, so that there will be broader ownership of the review?

Francesca Osowska: I am happy to commit to that. We already committed earlier to have further engagement with the trade unions on the terms of reference. I also hear a lot of comments about the pace, so I would want to do that at pace.

Michael Marra: I will come on to the point about the pace at some length, as I recognise that there is a tension in that respect.

Will there be a mechanism by which members of the university more broadly and whistleblowers—people who have things to add—can input anonymously into the review?

Jacqui Brasted: Yes, we will make sure that there is a mechanism for that. Once there is an investigation team appointed underneath Ms Gillies, we can make sure that there is a process for them to be contacted.

Michael Marra: Who will pay for the review?

Jacqui Brasted: The review itself will be paid for by the University of Dundee.

Michael Marra: Has a budget been set for it?

Francesca Osowska: Not yet.

Michael Marra: There are some concerns about the suggestion that he who pays the piper calls the tune—that whole thing. Would it not be better for the SFC to foot the bill to ensure that the review is independent?

Francesca Osowska: You heard the previous comments about how we are ensuring the independence of the process.

Michael Marra: Okay, we will take that away.

On what happens next, I was glad to hear you commit to a timeframe of two weeks to come back

with some kind of options. Pace is absolutely critical in this, as the institution is clearly still bleeding money. Given what we have heard about where it will find itself in a few weeks, what is on the table now that can be done? For instance, would you or the Government be prepared to stand behind a voluntary severance scheme so that those who wish to leave the institution can do so?

Francesca Osowska: As long as that goes through the proper processes that the university has in place for such schemes. Jacqui Brasted might want to add to that.

Jacqui Brasted: It would need to be part of the final financial recovery plan. If there are staff leaving, you want to make sure that those who are left are who the university needs. There is an appropriate time for that, but if we are getting options in the next couple of weeks, there should be time to be able to do it.

Michael Marra: That is a very important commitment. It is an opportunity for an underwriting of some of the bank loan, as it will allow access to that cash a lot more quickly. At the moment, my understanding is that the university is considering how it can commit to put capital behind that, whether that be in buildings, having a secured loan rather than an unsecured loan or anything else that can be done. Is that a possibility?

Francesca Osowska: To clarify, Mr Marra, when you asked about whether the voluntary severance scheme could be done, I thought that you were asking about whether the university is able to run a voluntary severance scheme, not about the Scottish Funding Council's ability to underwrite the costs of that scheme. Those are two separate issues.

On the issue of underwriting the costs of a voluntary severance scheme or underwriting any bank financing provision—which was alluded to in the previous evidence session—there is some phasing in relation to the totality of the costs of the financial recovery plan, as we have said previously. There are questions about what is available from the bank, underwritten or not, and what might be the shortfall beyond that. We are certainly happy to engage in conversations with the university and, if it wishes, with the lender—which I think would be desirable—to understand those parameters. That is not off the table, but I cannot say today that we will do that.

Michael Marra: I would not expect you to. I am basically asking whether it is a possibility, and you are saying that it is a legal possibility.

Francesca Osowska: It is a possibility.

Michael Marra: That commitment to engaging with the university and the lenders is good.

Richard Maconachie: It is new territory for us to get into, but we would want to engage with Scottish Government officials as well.

Francesca Osowska: I have a final point on that, Mr Marra. Obviously, we are governed by the Scottish public finance manual in relation to our financial procedures, so we would need to make sure that we were acting in accordance with those principles. I would not want to speak on behalf of our board, which I am sure would want to comment on the issue.

Michael Marra: All those points of due diligence and legality are absolutely critical, but is it an issue that you can investigate at pace?

Francesca Osowska: We can investigate.

Michael Marra: That is a means by which the university could offer people the opportunity, if they so wish, to take control of their own situation. Many other universities have put that in place because they have the capital in reserve to allow them to do it, but Dundee does not, so the people who work for the institution are suffering as a result.

Francesca Osowska: I recognise that. The voluntary severance scheme is perhaps a way forward in terms of the predicted job losses in the draft financial recovery plan. Voluntary severance was a means of achieving some of that restructuring, but I would be slightly nervous about running a voluntary severance scheme when we do not know the rest of the picture.

Michael Marra: I understand that, but, again, it is about the issue of pace.

What strings have been attached by the Government on a policy level to the money that has been committed thus far—the £22 million that the convener talked about—as to how that can and cannot be spent? I know that it is liquidity funding, but is it absolutely tied to that and nothing else?

Francesca Osowska: That is correct. One of the important conditionalities of that funding is that it should not be used to fund redundancies.

Michael Marra: Okay. I suppose that there is a difference between redundancies and voluntary severance.

Francesca Osowska: Yes.

Michael Marra: You recognise that. Does the Government recognise that?

Richard Maconachie: We have not had that conversation yet, but you make an interesting

point. We should go away and talk further with the Scottish Government.

Francesca Osowska: Just to be clear about the language that I used previously, in case it was misleading. I do not want to labour the point but the Scottish Funding Council board needs to take the decision tomorrow, so I do not want to be premature. I would like to write to you after that discussion with confirmation that the funding has been made available and the conditions around it. I apologise for saying “redundancies”, because I should have said “job losses”, which is different, as you rightly said.

Michael Marra: Okay—thank you. We heard a lot in the first evidence session about the problem of governance, but we have not commented on the culture of leadership very much so far. There has been a significant narrowing in the leadership that is making decisions on the income and expenditure sides of the business. Do you have confidence that there has been a change in the character of the leadership and that the leadership is genuinely taking on board the expertise in the institution that is at the next level? I am still hearing reports that the management is working hard to produce a report but that there is a bunker mentality at the top. Have you challenged that culture?

Francesca Osowska: We have been very clear in the discussions with unions—principally with UCU but also with broader unions—that we expect them to be engaged on the issue. I was very clear in the meeting that I had on Monday with the senior team at the university that now that the draft recovery plan is in place and is in the process of iterating, the senior team absolutely has to engage with the unions on that.

Michael Marra: That is really important, but it was not what my specific question was about. Workforce engagement has to happen in general, and is a very positive thing. It is other members of senior staff in the institution who feel that the conversation is far too narrow and has been locked down to around four people. Is that a challenge in terms of the culture? It seems to have been part of the problem that may be being replicated in the current management.

13:30

Francesca Osowska: Perhaps I can pick up on that. A theme of the questioning in the previous session related to the culture and the fact that, although there has been some change in both court and senior leadership positions, there has not been whole-scale change. I have two observations to make on that. First, some of these issues will be investigated—rightly—by the independent investigator. Secondly—and I hope

that I speak for my colleagues here—our experience of working collectively with the new leadership team, which admittedly includes some of the previous leadership team in different positions, has been one of extreme openness and frankness. Obviously, it is not for the Funding Council to determine the positions in a university.

Michael Marra: I will leave that issue there.

Lastly, on the broader issue, I think that the description of Dundee as a black swan is problematic; a black swan event is one that seems unpredictable but was, in hindsight, entirely predictable. I do not think that this really fits that pattern. It is pretty clear that we have a sector-wide issue, if we look at what is happening in the University of the West of Scotland, Robert Gordon University, the University of Edinburgh and the University of St Andrews. Yesterday, the permanent secretary said that there is high, and increasing, risk in the sector. I am afraid that it sounds to me as if what is happening at the SFC is a little bit like what happened at the University of Dundee. Are you speaking truth to power? Are you talking to power and saying, “There is a problem here, and it is going to have to be fixed”?

Richard Maconachie: We report to the Scottish Government, which informs the permanent secretary.

Michael Marra: Do you feel, then, that what I heard from the permanent secretary in response to my questioning yesterday is a reflection of what you are telling the Scottish Government?

Richard Maconachie: We will be telling the Scottish Government that there are pressures in the sector.

Michael Marra: We have had a 22 per cent real-terms cut in funding for Scottish students; we know that we are in a precarious international marketplace; and as a result of the cross-subsidy into Scottish student education, universities are locked into a permanent growth model where they have to seek more and more—and, frankly, riskier—options, given the changes in that marketplace. Is that a picture that you recognise?

Richard Maconachie: Yes.

Michael Marra: Thank you.

The Convener: Thank you very much. You have committed to writing to the committee with regard to the financial memorandum and the decision tomorrow, and we would appreciate it if you did so as soon as you can.

You also accepted the view of many committee members—I think that I am speaking on behalf of the committee—that we would like to see this investigation done as quickly as possible. I took some comfort from the interim principal’s comment

that he wanted the report in weeks, but I note, Ms Brasted, that you said that it might take three to four months. That takes us to the middle of July, potentially, and the summer holidays and parliamentary recess, which makes accountability more difficult. Is that something that you will put to Pamela Gillies? I acknowledge that there is a need to get answers, but dragging this into the summer, when people will have placements and will be about to start their university career at Dundee, is not ideal.

Jacqui Brasted: Just for clarity, the timescale has not come from Ms Gillies.

The Convener: No, I know that.

Jacqui Brasted: My reticence about committing at this point to an earlier timescale is that we have not yet commissioned the investigation team who will work underneath her. We need to do the further consultation that we have agreed, but we will look to do that as soon as we can.

The Convener: What are the next stages? The chair is appointed today—or her appointment is made public—and then the wider team is commissioned. What is the timeframe for that?

Jacqui Brasted: We are looking to commission that and open it to tender this week, but it will depend on our being able to do the wider consultation that the committee has asked us to do.

The Convener: Do you have a minimum time for tendering for that?

Jacqui Brasted: I think that we are looking at an open *Official Journal of the European Union*-style approach, so it might be four weeks. We can look at it—

The Convener: I understand the constraints—

Richard Maconachie: [Inaudible.]—of governance.

The Convener: Yes, but if we are talking about a month between the chair being appointed and the inquiry being able to form, that is another delay that will concern this committee and members across Parliament. I hope that the message is quite clear that we need a robust inquiry to be set up and taking evidence as quickly as possible. From my mailbox—indeed, from what I have received during the meeting—it is clear that people want to speak to the inquiry, have their opinions heard and ensure that lessons learned from it, and then Parliament must have opportunity to look at it, too.

I see that I am getting nods.

Francesca Osowska: That is absolutely understood, convener, and we will move at pace. I

am hoping that we can do the further consultation on the terms of reference very speedily.

As for the reporting schedule, I recognise the timetable for Parliament and, indeed, for university staff and stakeholders. We will look at that and see whether there are any options in that respect. It is important that the investigating team are able to collect as much evidence and provide as full a picture as they can, but we will look at how we can balance both the demand for pace and the demand for breadth in what we would like the investigation to cover.

The Convener: Thank you all for your time today. Moreover, thank you for your patience before you came to the table as witnesses, and for the further information that you will pass on.

We now move into private session.

13:35

Meeting continued in private until 13:45.

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