Finance Committee

Higher Education (Governance) Scotland Bill
Submission from Royal Conservatoire of Scotland

Response

1. **Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?**

The Conservatoire did make a submission to the consultation exercise preceding the Bill. However, we addressed the questions posed, which did not invite comment on financial assumptions.

2. **If applicable, do you believe your comments on the financial assumptions have been accurately reflected in the FM?**

N/A.

3. **Did you have sufficient time to contribute to the consultation exercise?**

Yes.

Costs

4. **If the Bill has any financial implications for your organisation, do you believe that they have been accurately reflected in the FM? If not, please provide details.**

No. The FM significantly underestimates the commitment required of the Chair of the Conservatoire’s Board of Governors. We would estimate that commitment to be one day per week so, assuming a 45 week year, remuneration for our Chair would incur an additional cost of £23k, not the £3k cited in the FM. As an aside, it is of concern that the FM should so significantly underestimate the commitment required of a Board Chair – it could be reasonably inferred from that that Scottish Government is not as well-informed about HE governance as it should be.

There will also be additional costs associated with an increase in the number of Governors as proposed in the Bill, which would add to claims for expenses and increase the costs of events such as strategy away-days.

The FM does not consider the cost of setting up and maintaining an appointments process for new categories of Governors. For example, the Conservatoire’s graduate association as currently constituted would not be in a position to facilitate such a process and would require significant investment to be able to do so.
The Conservatoire is by far the smallest HEI in the sector, so these additional costs will have a disproportionate impact on our finances.

5. **Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?**

On the basis of recent experience of making amendments to the Conservatoire’s Order of Council, we believe that the FM significantly underestimates the time and effort that will be required of individual HEIs, and of Scottish Government, in making amendments to existing governing documents. Significant legal fees will be incurred in that process.

6. **If applicable, are you content that your organisation can meet any financial costs that it might incur as a result of the Bill? If not, how do you think these costs should be met?**

If required to do so then, yes, the Conservatoire could meet the financial costs associated with this Bill. However, given that we believe that the Bill’s provisions will diminish the quality of governance rather than enhance it, that additional expenditure would not be money well spent. Incidentally, we estimate that the additional costs associated with the remuneration of a Chair alone will consume the equivalent of the contribution to the general overhead made by the tuition fee income generated by around 20 international students.

7. **Does the FM accurately reflect the margins of uncertainty associated with the Bill’s estimated costs and with the timescales over which they would be expected to arise?**

No. The FM underestimates the costs associated with the implementation of the proposals included in the Bill. Part of that is due to an underestimation of the complexities involved in making amendments to existing governing documents – the burden of which will fall on both individual HEIs and Scottish Government.

**Wider Issues**

8. **Do you believe that the FM reasonably captures any costs associated with the Bill? If not, which other costs might be incurred and by whom?**

As well as costs identified above, there will be opportunity costs to Government, Parliament and to individual HEIs in considering and implementing these proposals. Again, given that we believe that the Bill’s provisions will diminish the quality of governance rather than enhance it, it follows that we believe that the resources that it will consume could and should be better deployed.
The Conservatoire shares the sector’s concerns in respect of the risk of ONS reclassification of HEIs as Central Government bodies and the loss of charitable status. The provisions in the Bill that create that risk are set out in Universities Scotland’s submission to the Committee. We would concur with US’s assessment and would emphasise the catastrophic impact on the Conservatoire’s ability to manage our finances and to ensure financial sustainability if those risks are realised, particularly in respect of our ability to retain surpluses generated through entrepreneurial activities, to attract philanthropic giving and all of the financial and other implications that would flow from the loss of our charitable status.

9. **Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation? If so, is it possible to quantify these costs?**

Given the extent to which Scottish Ministers are given broad powers by regulation to make different provision for different purposes, it is impossible to quantify future costs. However, and because of the extent to which it is proposed that powers should be delegated to Scottish Ministers, it is safe to assume that there will be additional costs. The extent of delegation to Scottish Ministers also increases the risk of ONS reclassification and further jeopardises the Conservatoire’s charitable status.