**Finance Committee**  
**Higher Education (Governance) Scotland Bill**  
**Submission from Robert Gordon University**

**Response**

**Consultation**

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

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

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

The detailed financial assumptions contained in the Financial Memorandum were not the subject of consultation. Therefore we have not had the opportunity to comment on critical financial issues that were not included in the consultation but which now form part of the Bill.

Several aspects of the Bill provide for the Scottish Ministers to exercise new legislative and executive powers in relation to key elements of university governance; the appointment and remuneration of Chairs, the composition of the university governing body and the composition of the academic boards. We are concerned that any extension of effective Ministerial control may lead the Office of National Statistics (ONS) to reclassify Scottish universities to the general government sector under the European System of Accounts (ESA2010). Were such a threat to the university’s autonomy to materialise, it would impact on the university’s financial management and impact on its ability to retain annual operating surpluses, borrow funds for investment and increase income through commercialisation activities at a time of increasing financial constraint in the public sector.

A further concern to the Board is the unintended consequences of the new powers, which could potentially jeopardise the university’s charitable status. Were this to occur, it would have negative implications for tax and the ability to raise philanthropic funding to support investment and student academic scholarships.
Costs

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

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

The financial memorandum grossly underestimates the time commitment of the Chair (6 days per annum at an estimate of £3,072). The minimum estimate of time for the role would be 35 days per annum, in reality it can extend to the equivalent of one day per week. There are no identified savings.

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?

It is likely that the University could meet the additional cost of remuneration for the Chair, however more significantly and of serious concern is the cost of reclassification by the ONS.

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?

The costs and risks relating to the potential loss of charitable status and ONS reclassification have not been considered.

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?

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 points?

The risks to universities charitable status and potential reclassification as public sector bodies are fundamental issues which have not been properly considered and could be extremely damaging for the university sector.