Finance Committee
Higher Education (Governance) Scotland Bill
Submission from University of Dundee

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?

The University of Dundee submitted a response to the Consultation Paper on a Higher Education Governance Bill in January 2015. In that response the University commented on the proposed introduction of remuneration for chairs. In the institution’s view there was insufficient evidence to support the suggestion that financial incentives were helpful in attracting a more diverse range of appointable candidates. The University was, however, supportive of governing bodies considering compensation to a chair’s employer for time spent carrying out the role, in addition to the current commitment to reimburse all reasonable expenses to allow governing body members in general to attend meetings.

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

No, the FM provides for remuneration of chairs up to a suggested limit of £3072 per year.

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.

The University’s view is the FM significantly underestimates the financial implications of the Bill in a number of areas: advertising and recruitment costs; election costs and expenses; effecting process change and changing governing instruments. Firstly, with regards to the assumed costs relating to advertising and recruitment: During the last round of recruitment for Lay Members of Court the University placed advertisements in a number of major newspapers and online resources at a total cost of approximately £12,500. The FM assumes a cost to each HEI of between £750 and £2000 for external publicity. In our experience such a low estimate would be woefully inadequate in meeting the costs associated with taking a professional
approach to the advertising of such an important position. The FM assumes the reimbursement of interview expenses to be £2000 based on four candidates with a maximum allowance of £500 per candidate. Recent recruitment rounds have involved more than four candidates, but more importantly these expenses do not include those of members of the governing body acting as members at both the shortlisting and interview stages.

Secondly, the FM assumes the cost of an election process for chair to be £500 per candidate in election expenses, based on the University of Aberdeen’s guidance on Rectorial elections. In its rectorial elections, the University of Dundee permits expenses up to a limit of £1000, although these have rarely been spent in their entirety. It is, however, arguable that given the importance of the role of Chair, the costs may be greater. It should not be forgotten, depending on the size and composition of an electorate for such an election, costs will be incurred in managing the list of electors as well as administering the election itself. A recent election at the University of Dundee for the post of Graduates’ Assessor on Court which was outsourced to the Electoral Reform Society cost £21,000. Of course, the University remains unconvinced of the benefits of an election for the role of Chair, and indeed believes that this could undermine principles of good governance and accountability by politicising a process which fundamentally must be about identifying the best candidate for the role, and which should not risk building expectations between the successful candidate and the electorate. All members of governing bodies should act for the good of the institution as a whole, this is especially important for the Chair.

Thirdly, the proposals within the Bill will require institutions to make amendments to their governing instruments. This is not without its own expense in terms of staff time and effort in drafting and preparing submissions to the Privy Council and responding to the comments received from advisers, as well as the time associated with discussing and transacting the appropriate business through the Senate and Court.

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

No please see answer to question 4. On the basis of the Bill and FM, the University does not believe that there would be any financial savings to the institution; moreover the University believes the FM underestimates the costs that will be incurred in introducing and maintaining the Bill’s proposals.

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?

As stated, the University believes the costs associated with the Bill would be in excess of those in the FM and therefore would seek greater clarity before committing to meet any additional costs to the institution. The University would suggest that the
Scottish Government gives further consideration as to how the costs of the Bill should be met and consults with the SFC and HE sector.

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 University is of the opinion that the Bill contains a number of uncertainties and as explained above we have significant reservations over the estimated costs relating to the recruitment and potential election of a chair.

**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?**

Aside from the issues with the costs mentioned above the University would suggest there are significant resource implications to other organisations such as the Scottish Government and Privy Council.

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?**

The University is of the opinion that the use of subordinate legislation, or regulations as provided for in the Bill, could lead to additional costs not referenced in the Bill. As a point of principle, the use of subordinate legislation to decide what categories of person should be on governing bodies, how they should be appointed and their conditions of service raises fundamental issues about institutional autonomy.

The University is concerned that the use of subordinate legislation by Ministers may lead the Office for National Statistics to classify higher education institutions as public sector bodies, a situation which has already occurred in the college sector as a result of greater ministerial influence permitted under the Post 16 Education Act. The reclassification of the University as a public sector body would have a profound adverse impact by significantly restricting the financial freedom of the institution and placing at risk the University’s relationships with philanthropic organisations and our ability to have an impact, through knowledge exchange and collaboration, on innovative business growth in Scotland.

Furthermore if the University was reclassified as a public sector body the institution would not meet the Scottish charity test as defined in in the Charities and Trustee Investment (Scotland) Act 2005. At a financial level, charitable status is essential to institutions’ solvency and would further limit the University’s capacity to access philanthropic funding as donors are highly unlikely to wish to support institutions who are no longer charities.
It is not possible at this stage to accurately quantify the costs to the institution if the use of subordinate legislation leads to ONS reclassification or the loss of charitable status, but they are likely to be significant and potentially damaging.