



OFFICIAL REPORT
AITHISG OIFIGEIL

Education, Children and Young People Committee

Wednesday 4 June 2025

Session 6



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EDUCATION, CHILDREN AND YOUNG PEOPLE COMMITTEE
19th 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)
*Pam Duncan-Glancy (Glasgow) (Lab)
*Joe FitzPatrick (Dundee City West) (SNP)
*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:

Professor Sir Peter Mathieson (University of Edinburgh)
Claire McPherson (Universities Scotland)
Professor James A Miller (University of the West of Scotland)
Professor Sue Rigby (Edinburgh Napier University)

CLERK TO THE COMMITTEE

Pauline McIntyre

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Education, Children and Young People Committee

Wednesday 4 June 2025

[The Convener opened the meeting at 09:30]

Universities (Financial Sustainability)

The Convener (Douglas Ross): Good morning and welcome to the 19th meeting of the Education, Children and Young People Committee in 2025. This morning we are taking evidence from a panel of witnesses on the financial sustainability of Scotland's universities. I welcome to the meeting Professor Sue Rigby, principal and vice-chancellor of Edinburgh Napier University; Claire McPherson, director of Universities Scotland; Professor Sir Peter Mathieson, principal and vice-chancellor of the University of Edinburgh; and Professor James A Miller, principal and vice-chancellor of the University of the West of Scotland. Thank you all for joining us today.

We will go to straight to questions and I will begin my questions with Sir Peter Mathieson. Can you tell me: what is your salary as principal of the University of Edinburgh?

Professor Sir Peter Mathieson (University of Edinburgh): The figure that is often quoted in the press is something around £400,000 a year. I do not scrutinise my slip, so I do not know the exact figure. I do not think it is quite as high as that, but I am certainly very well paid.

The Convener: Let us stop there. If you cannot answer a basic question on your salary, we are going to have a very difficult meeting today. Tell me, how much do you get paid as principal of the University of Edinburgh?

Professor Mathieson: I will have to get my P60 out to show it to you. As I say, I do not carry that figure around in my head. I recognise that I am very well paid.

The Convener: You are the highest paid principal in Scotland.

Professor Mathieson: That is open to dispute. I think there might be—

The Convener: Well, dispute it with me. Tell me who is paid more than you.

Professor Mathieson: I am told that the principal of the University of Stirling has had a pay rise recently that takes him above me, but I do not look at people's pay packets.

The Convener: Is your basic salary in the region of £418,000 when you add in the total package, the salary and other things?

Professor Mathieson: The basic salary, I think, is about £350,000 and there is a pension supplement, because I am not a member of the pension scheme.

The Convener: Would you say that it is around the £418,000 figure?

Professor Mathieson: That is the figure that is often quoted.

The Convener: Did you get a 5 per cent pay rise last year?

Professor Mathieson: I did.

The Convener: Did you get a 2.5 per cent pay rise in January of this year?

Professor Mathieson: I did.

The Convener: On top of all that, you still do not know how much you are being paid, just that it is a lot of money.

Sorry, could you answer the question.

Professor Mathieson: I stand by what I have already said.

The Convener: Do you get paid more than the First Minister of Scotland?

Professor Mathieson: I do not know the details but, again, that is something that is often said in the media.

The Convener: I will say that you do get paid more than the First Minister of Scotland. Do you get paid more than the Prime Minister of the United Kingdom?

Professor Mathieson: Again, I do not know what people get paid but that is often something that is said.

The Convener: Is it often said—I have the figures here—that you get paid more than the combined total of the First Minister of Scotland and the Prime Minister of the United Kingdom?

Professor Mathieson: Can I give you another comparison?

The Convener: If you answer that question, you can then give whatever comparison you want, if you can defend it.

Professor Mathieson: Well, you have the figures in front of you—I do not—so I assume that you are reflecting the truth.

The thing that I did, as an equally fatuous comparison, was to google organisations with a £1.4 billion turnover and look at the chief executive

officers' salaries. For one of them it was £5 million and for the other one it was £17 million.

The Convener: Did you think you should be on somewhere between £5 million and £17 million? Is that where you set your—

Professor Mathieson: No. I was made an offer by the University of Edinburgh when I was appointed and I accepted it. I am very satisfied with the package that I was offered.

The Convener: Do you think that you are doing more than the First Minister of Scotland and the Prime Minister of the United Kingdom to deserve to be paid more than them?

Professor Mathieson: I think if pay was judged just by what people deserve, the numbers would probably be very different.

The Convener: So, you do not deserve the salary you are on.

Professor Mathieson: I was made an offer and I accepted it.

The Convener: Given the massive cuts that you are overseeing at the University of Edinburgh, do you think that an area where we could see a reduction is your salary?

Professor Mathieson: I have made the point in discussions about senior team pay that you could pay the senior team of the University of Edinburgh nothing and it would make almost no difference to the size of the expenditure challenge that we face.

The Convener: You are getting quite close to half a million pounds a year just for yourself. It would make a bit of a difference.

Sorry, if you can answer questions rather than just shrugging or nodding.

Professor Mathieson: I thought that a nod was yes.

The Convener: No. We need you to answer for the *Official Report*.

Professor Mathieson: I see.

Senior team pay in British universities, including the University of Edinburgh, is high. We recognise that. It is also high compared to other employees of the institution. I completely recognise that and I recognise that people feel that there is a question of whether those salaries are earned or not. My position is that when I was appointed to this job, I was made an offer by the remuneration committee, which is an independent committee of the university of which I am not a member and my predecessor was not a member. It made me an offer and I accepted it.

The Convener: But since then you do not know how much you are on.

Professor Mathieson: I do not know the precise numbers, but of course I know approximately—

The Convener: That is quite telling in itself.

Tell me a bit about the restructuring plan and the £140 million that you need to save.

Professor Mathieson: What would you like to know?

The Convener: How did it get to £140 million? What has gone wrong up until now and do you bear any responsibility for the failures and the deficit that you are now having to oversee the reversal of?

Professor Mathieson: It is not a deficit. We are not in deficit. The University of Edinburgh's expenditure is higher than its income and the—

The Convener: Would that not lead to a deficit?

Professor Mathieson: If we do not do anything, yes. That is precisely the point.

The Convener: Did that become an issue just in the last few months or in the run-up to February, when you announced the plans?

Professor Mathieson: No.

The Convener: I am still puzzled then. If it is not a deficit, because you have got such large reserves—

Professor Mathieson: A deficit means that in your end-of-year accounts, you are publishing a position where your expenditure has exceeded your income. We are not in that position.

The Convener: But because of that projected deficit, you are seeking to make changes that will reduce your costs by £140 million?

Professor Mathieson: If we do nothing, the University of Edinburgh will be projected to be in deficit next year, in 2025-26, and that is in keeping with about 70 per cent of British universities and probably a higher percentage than that of Scottish universities.

The Convener: Do you share all your financial disclosures with campus trade unions, as you are required to by law?

Professor Mathieson: We do.

The Convener: So, why are the campus unions telling us—you have seen a copy of this correspondence—that campus trade unions have still not received adequate financial disclosure as required by law? Why are they telling us that?

Professor Mathieson: There was a meeting last week with our campus trade unions where they were given all the information that we are able to give. In that meeting, they acknowledged

that that was the most financial disclosure that they can remember receiving.

The Convener: “The most” is different from “all”, and the most in memory could be just one page extra to what they were previously given.

Professor Mathieson: Everything that we—

The Convener: Sorry—I will finish my question first. You had that meeting last week, but on Thursday or Friday the committee received a document from the unions, in which their third point is that they have still not received adequate financial disclosure as required by law. Are they not being truthful with this committee or are you not?

Professor Mathieson: It is not for me to comment on whether they are being truthful or not. We have given them all the information that we are able to give them that is not commercially sensitive, and they have acknowledged the receipt of that information. We were surprised by that letter in the light of the remarks that some of them made at the meeting that happened just before that letter was sent.

The Convener: Would that commercially sensitive information allow them to look more at the jobs and the number of jobs that are under threat?

Professor Mathieson: We have not specifically put any individual jobs under threat. We are seeking to reduce our expenditure. Of the £140 million that you quoted, about £90 million is staff and about £50 million is non-staff.

The Convener: Is that proportionate? If £90 million of the £140 million is being borne by losing staff, is that proportionate to the cost of the university?

Professor Mathieson: Proportionate to our expenditure on staff?

The Convener: Yes—compared to capital, for example, which has also been mentioned. Could you meet your requirements for savings—many others question those requirements—by spending less on capital?

Professor Mathieson: No.

The Convener: No—not at all. You have ruled that out.

Professor Mathieson: We are spending less on capital. We are seeking to revise our capital programme in the light of what is affordable.

The Convener: So, you are seeking to revise your capital spend. You could spend less.

Professor Mathieson: Yes, but that is not what you asked me. You asked me whether I could meet the £140 million by spending less on capital.

The Convener: No, I did not say that at all. I asked whether you could meet more of the £140 million by spending less on capital and protecting some jobs.

Professor Mathieson: The answer is no, because the £140 million is recurrent expenditure and capital expenditure is not. Capital expenditure is one-off expenditure.

The Convener: But there is a cost to capital expenditure if you are borrowing for that.

Professor Mathieson: There is; that is true.

The Convener: So, if you have to borrow less money because you do less capital expenditure, there is a lower recurring cost.

Professor Mathieson: The only way to put the University of Edinburgh back on to a sustainable footing is to reduce our recurrent expenditure, and 58 per cent of our recurrent expenditure is on staff.

The Convener: Sir Peter,

“Two key committees in charge of overseeing the University’s capital spending have not published minutes of their meetings for the last five years.”

Do you agree with that statement?

Professor Mathieson: We do not know which two committees the unions are talking about. The two committees that—

The Convener: How many committees do you have that look at university capital spending?

Professor Mathieson: The two senior university committees that look at capital spending are the court and the policy and resources committee. We are required to publish the minutes of those meetings and we do so. We are up to date on that.

The Convener: Has the court requested that you and your executive present any alternatives to your proposals for the £140 million savings?

Professor Mathieson: We have had lots of discussions with the court and the executive, going back two years.

The Convener: Has it asked for alternatives?

Professor Mathieson: We have had lots of discussion about what the alternatives are.

The Convener: I will ask again. Has it asked for alternatives?

Professor Mathieson: We have had lots of discussions about what the possible—

The Convener: I am sorry, but I can do this all day if you want to. The question is very clear: has it asked for alternatives? Is it unhappy with what you have put forward or has it rubber stamped it

and said, "What Sir Peter is saying is what we are going to do."?

Professor Mathieson: I will continue to answer in the way that I have, which is to say that in the formulation of a financial plan, we develop a plan and we present it to the policy and resources committee and to the court for their approval. In that approval process, there is often discussion about what is the priority, why we are doing something and what the risks are. All of that discussion has been happening for a couple of years and they have approved our plans.

The Convener: Did the court change any of it?

Professor Mathieson: Not the gist of it, no.

The Convener: So, it was quite happy to rubber stamp your £140 million savings and the impact that that will have, with £90 million being saved by a reduction in staff?

Professor Mathieson: I doubt whether it would describe it as a rubber stamp.

The Convener: But it agreed to £90 million being saved by staffing reductions at the University of Edinburgh?

Professor Mathieson: Yes.

The Convener: What about the university senate and its no confidence vote? What cognisance do you take of that?

Professor Mathieson: It represents very strong opinions held at senate and real concerns about the things that we are doing and their possible impacts, and we are respectful of that.

The Convener: Are you respectful by not changing anything?

Professor Mathieson: We are respectful by trying to engage the senate in understanding why we are doing what we are doing and how to make sure that we mitigate the risks.

The Convener: But the senate believes that there are other ways to meet the challenges the university is facing.

Professor Mathieson: It has not suggested any.

The Convener: It has suggested nothing at all.

Professor Mathieson: Correct.

The Convener: Have the unions suggested nothing at all?

Professor Mathieson: The unions obviously would prefer to avoid job losses. That is very much their mission and again—

The Convener: Would you not prefer to avoid job losses?

Professor Mathieson: Of course. We have already had some job losses, as you know, with the voluntary severance scheme.

The Convener: Yes—350.

Professor Mathieson: We very much hope that, if there are further job losses, they can be achieved by voluntary means as well, and that is what we discussed with the trade unions. They would like us to rule out compulsory redundancies. We have not done so, because we genuinely do not know whether they will be necessary, and it would be dishonest to pretend that we do know.

The Convener: To meet your aspirations to save £140 million, £90 million of which will come from staffing, how many jobs will have to go over and above the 350 that have already left the university?

Professor Mathieson: We do not know the answer to that, because it depends entirely on which jobs are the focus. Obviously, we have a very wide range of salaries.

The Convener: Some are very high—like yours.

Professor Mathieson: Indeed.

The Convener: To save £90 million, roughly how many will have to go?

Professor Mathieson: We have not done that calculation because—

The Convener: You must have a rough figure. You must have an approximation.

Professor Mathieson: Well, I can tell you that 350 people that have gone under voluntary severance has yielded a net saving of £18 million. In the people that have gone under that scheme, there has been a disproportionate number of lower-paid staff; we have not had many higher-paid staff go under that scheme. Transposing from those numbers to the bigger figure is not the correct way to calculate it.

The Convener: If you are going to save £90 million, when you have gone to the court and you have been scrutinised, even though the court did not change anything, it must have asked you, "How many job losses do you think this will entail?"

Professor Mathieson: It has not actually asked that question because—

The Convener: Sorry, it did not ask that question?

Professor Mathieson: We have made it very public that we are not able to give a number. The calculations that people are trying to extrapolate from the voluntary severance scheme are not the accurate way to do it.

The Convener: Surely people are only trying to extrapolate those numbers because you are not able to offer them. If you are saying that your university will spend £90 million less on staff, you must be able to know roughly how many fewer staff you will have.

Professor Mathieson: There are various ways by which you could try to calculate a number. You could do it by average salaries, but that would be inaccurate in that we do not know the correct jobs that we might lose. We are aiming to run the university in a different way. We have five workstreams, as you may know, to address that and we are seeking to reduce our staff base. We have made that very clear. The number of staff that we employ needs to go down.

Where those changes will be and which staff will be affected will depend on the outcome of the workstreams and then discussions with individual staff members and trade unions. It would be quite false to pretend that I know who it will be or how many.

The Convener: I would suggest it is rather false to pretend that you know that you can save £90 million if you do not even know which jobs will be lost.

Do you accept any responsibility for the financial difficulties the University of Edinburgh finds itself in?

Professor Mathieson: Yes—of course. I am the chief executive and I have been the chief executive during the past seven and a half years. The circumstances have changed in the past two or three years; some are within our control and some things are not. We are seeking to address the parts of it that are within our control.

The Convener: Which elements of it are you to blame for?

Professor Mathieson: I do not like the idea of blame. I think that we are responsible, and we are accountable to the governing body.

The Convener: You have accepted responsibility. Which areas of loss in the University of Edinburgh, where you are having to now find funding to fill gaps, are you responsible for? What have you done as principal that has led to some of the financial troubles that your university finds itself in?

Professor Mathieson: I do not accept the premise that I am to blame or that I have done wrong or that my senior team has done wrong.

The Convener: You said you accept responsibility.

Professor Mathieson: Yes, and we have presided over the situation and we are now taking pre-emptive action to try to make sure that the

university remains in a sustainable position. We are not waiting to be in deficit before we do it. I think that the court is being responsive to our plans because we are doing what we describe as a course correction: trying to make sure the university does not end up in deficit and does not end up unable to serve its mission—

The Convener: By losing hundreds, and potentially thousands, of staff.

Professor Mathieson: Could you say that again?

The Convener: By losing potentially hundreds or thousands of staff.

Professor Mathieson: By reducing our expenditure to a level that is sustainable and compatible with our income.

The Convener: Were you wrong to have employed all those staff for the last few years?

09:45

Professor Mathieson: At the time those staff were being employed, the projections of international student numbers—the issue is particularly about international student numbers and I am sure we will have further discussion about that topic—

The Convener: And we will. That is something that is somewhat outwith your control, but it depends on other aspects. You are the principal and you are extremely well paid—even though you do not know how much you get paid. Tell us something that you have got wrong in the past and that you now regret, as university principal, which has led to some of the problems your university is now facing.

Professor Mathieson: I do not accept the premise that I have got—

The Convener: That you have got anything wrong?

Professor Mathieson: If you allow me to answer you. Can I answer your question? Can I answer your question, please?

The Convener: While answering the question, tell me about the people and money roll-out. Was that a mistake?

Professor Mathieson: Can I please answer your question about the—

The Convener: Yes.

Professor Mathieson: The university sets its budget and plans its income projections based on a number of factors, one of which is international student recruitment. Some of it is about numbers and some of it is about tariffs—the sticker price, if you like. We realised two years ago that we had

not achieved the targets that we had set and had fallen short by about £20 million. That became a recurrent shortfall in our five-year budget. At that time, it was not clear whether that was a one-off effect of the policy statements that were being made by the Westminster Government and/or other aspects of geopolitics. One year ago, we saw more or less the same thing. We saw a shortfall of tuition fee income of about £20 million, so the cumulative figure became £40 million. At that point we intervened.

You say that international student recruitment is slightly beyond my control. The University of Edinburgh is a very devolved organisation. All admissions decisions are made at school and programme level, and we then collate the figures that are presented to us. It was clear that we were not achieving the budgeted income targets. I will come to people and money, which you mentioned. Through people and money, we now have fantastic access to staff data that we did not have before. At the touch of a button, we can see what is happening to our staff right across the university. We growth of staff numbers and costs right across the university over the past two years. That growth had been commensurate with increasing numbers of students, but the increasing numbers of students had flattened off, so there as a mismatch.

A year ago, we intervened with what we called staff recruitment restraint, to interrupt that growth in staffing. That is when the senior team and I started to get involved and have a bit of top-down management, which previously we had not done because that is not the way the University of Edinburgh has been run for 20 or 25 years. It is a very delegated organisation with delegated decision making, but we intervened because we felt that we needed to. Through people and money, we have seen a flattening off of the staff numbers. We have very successively interrupted the growth in staff numbers, but we have not seen any downturn in staff numbers, because turnover in the sector is very low, as you will appreciate.

The Convener: I have allowed you a long time.

Professor Mathieson: Let me just address people and money. People and money, for anyone who does not know, is a content management system—an information technology system—that has elements of human resources, which is the people bit, and finance, which is the money bit. The implementation of the human resources bit went very smoothly, but the introduction of the finance bit did not go smoothly and caused a great deal of disruption to the functioning of the university. We are now starting to see some of the advantages of that system, which I have referred to. We now have really good data that aids central

decision making, which would have been difficult without that data.

The Convener: Do you accept any responsibility for the poor roll-out of people and money?

Professor Mathieson: The story of people and money has been told and written. We have had an external investigation by an organisation called PA Consulting and the report is publicly available. There are definitely lessons learned. I intervened at a time when I had not—

The Convener: That is fine, then. Listening to you for the last few minutes, it sounds like you step in as the white knight to try to save the university. You are the guy coming up with £140 million of savings that will see £90 million taken out of your staffing budget.

Professor Mathieson: I have never described myself as a white knight. Those are your words.

The Convener: You are explaining that issues were raised by people lower down the pecking order and that you have stepped in and done this and that. Can you not see that, as someone at the top of an organisation that is going through such massive upheaval, you should bear ultimate responsibility?

Professor Mathieson: I accept the responsibility of the role and I am taking—

The Convener: In accepting responsibility of your role, tell us the failures that you have made and the mistakes that you have made in your time as university principal.

Professor Mathieson: I think if I had my time again I would have intervened sooner in the people and money implementation. I thought that I could leave it to the experts, but then I realised that I needed to intervene. I am confident that the action we are taking now is in the best interests of the university and I am proud of the leadership that my team and I are providing in delivering on a very difficult task.

The Convener: That is contrary to much of what your lecturers, the trade unions and the senate are saying.

Professor Mathieson: Obviously people have different opinions about the—

The Convener: Everyone has got a different opinion from you at the moment.

Professor Mathieson: Sorry?

The Convener: Everyone has got a different opinion, as I just mentioned: from the lecturers who have contacted us to the unions that have contacted us and the university senate, which

voted that it had no confidence in you and the University of Edinburgh's management.

Professor Mathieson: They are entitled to their opinions. The court, the governing body, the executive and the senior team are united in doing what we think we need to do for the best interests of the university.

The Convener: And none of those people want you to change your plans. We will come back to a number of those issues.

I bring in Jackie Dunbar.

Jackie Dunbar (Aberdeen Donside) (SNP): Good morning. Universities have expressed significant concerns about the United Kingdom Government's increasingly hostile policies on migration. Will you explain briefly how that is affecting your universities financially and in student numbers? I come to Professor Miller first, please.

Professor James A Miller (University of the West of Scotland): I did not hear the first part of your question, which was about Westminster policies.

Jackie Dunbar: The question is about how migration policies are affecting your international student numbers. How many international students are no longer coming to your university and how much of a financial impact is that having on you?

Professor Miller: In the past few years, two particular issues have caused concern for all universities, and we have not been immune from that. The first was that even just the conversation about what might happen with post-study work visas was putting off a number of students thinking about applying to come to the UK and Scotland, so that had an adverse effect.

By far the biggest impact was from the decision in January 2024 that students could not bring dependants who had previously been able to come here. As a result, we saw quite a dramatic drop in the number of international students. We also saw quite an interesting change in the make-up of students because of who was no longer applying to come. Our university saw quite a dramatic drop in the number of young professional women coming to do master's programmes in education, because they could no longer bring their dependants.

It is true to say that universities do not control visas for dependants. Universities control and provide only confirmations of acceptance for studies for students who are coming.

Jackie Dunbar: Do you have rough figures for how many students are not coming now and the financial impact on your university?

Professor Miller: We have had a drop of about 2,000 students from the peak to where we are now. The financial impact of that is several million pounds, but that is over a number of financial years, because we have three intakes a year. If a student arrives in May, we will take the income only for May, and then it falls into the next financial year, so the effect is over a number of financial years.

Jackie Dunbar: Professor Rigby, do you have figures?

Professor Sue Rigby (Edinburgh Napier University): You asked about the conditions to begin with. The international market is volatile, because people put their life savings into coming here. It is essential that we provide a good service and that they feel that the country is welcoming them. It has been a huge advantage to us that Scotland has been so welcoming to immigrants, particularly through putting out the feeling that we are open for international students. We saw a peak after the pandemic, when the world opened up again, but since then, our income has been dropping by about £6 million a year. About three quarters of that is because the number of international students who are coming to study with us is reducing.

At the same time, our online student numbers are strong. We teach in the Caribbean—unfortunately, we never get to go there—and we teach transnationally across a range of countries, predominantly in south-east Asia. Those numbers are strong, but a reduction in the number of people who want to come to study with us has caused our income to go down by about £5 million to £6 million a year in the past two years.

Jackie Dunbar: Do you know the student numbers offhand? It is okay if you do not have the numbers.

Professor Rigby: My basic maths is not enough to do the division.

Jackie Dunbar: Professor Mathieson, you referred to £20 million. Do you have other figures?

Professor Mathieson: I have already referred to the money. At the University of Edinburgh, we are fortunate that our international student application numbers remain high. For us, it is more a question of which ones we take; we are a selecting university.

Jackie Dunbar: So you do not have a problem with a fall in international student numbers.

Professor Mathieson: We have certainly seen a reduction in some nationalities—that applies particularly to China in the past couple of years—and we have seen a slight uptick in North American students in the past year or so, but our numbers are still up overall. The question is where

we draw the line on who we take and who we do not. There is a sense that, in the past 15 to 20 years, the University of Edinburgh has always been able to grow itself out of financial difficulty by just taking more students.

Jackie Dunbar: If you do not have a problem with international students not coming any more, how do you have a deficit?

Professor Mathieson: I did not say that we do not have a problem; we are affected by the same things that affect the whole sector, but we are in the fortunate position that demand remains high for us. I made the point in my answers to the convener that we have not achieved the budget that we had set in the past two years. We planned the budget, which is a mixture of numbers and cost and is quite variable across different subject areas, and we did not achieve it.

For the current year, we think that we will need to work hard to achieve what we achieved a year ago, so we have lowered our sights a bit. We are still aiming to recruit roughly the same number of students, but the competition is much stiffer, as many more people are seeking to recruit those students. We do not want any lowering of standards, driven by financial reasons, that would mean that we took students who we would not otherwise have taken.

Jackie Dunbar: Ms McPherson, do you have an overall picture?

Claire McPherson (Universities Scotland): On the overall picture for the sector, the published figures for the past year, which is 2023-24, showed a 25 per cent drop in postgraduate taught students, which is where the bulk of our international student numbers sit. That equates to about 10,000 students. We estimate that, across the board, that has cost the sector about £150 million, which is due to a combination of the factors that the other panel members have described.

Another key issue is geopolitical shocks, such as the fall in the Nigerian currency. That demonstrates that a funding model that is predicated on international student income as a subsidy is quite significantly at risk, because lots of factors that are outside the control of the sector and of the Scottish Government impact on income. That leads to institutions having to make increasingly difficult decisions about their operating model and running costs.

Jackie Dunbar: You talk about running costs. Is it correct that the change in national insurance contributions will cost universities £50 million or upwards? That is what I have heard.

Claire McPherson: The lower end of the estimate is £45 million; others have estimated the

figure to be as high as £57 million. Given that universities are not in the public sector, we have received no assistance to deal with those rising costs. That is in contrast to the rest of the sector in the UK as, at the time of the national insurance announcement, there was an uplift in English tuition fees, which could mitigate the impact. We have not had such an opportunity. Our costs are rising and our income is declining, which has created a significant pressure on the sector, among a whole range of other costs and inflationary pressures that are adding to the cost of delivery.

Professor Mathieson: Can I give you some numbers for the University of Edinburgh on national insurance?

Jackie Dunbar: Yes.

Professor Mathieson: The budget that the new Government in Westminster introduced at the end of last year put up tuition fees for English students, as Claire McPherson said. A lot of my students come from England, so we benefit to some extent from the rise in tuition fees. That will give the University of Edinburgh an additional £3.5 million of income in a full year.

Jackie Dunbar: So the students will be picking up the cost of the extra national insurance contributions.

Professor Mathieson: The increase in tuition fees from £9,250 to £9,535 will give us about £3.5 million of additional income. From the same budget, the rise in employer national insurance contributions will cost us £14.5 million. So we were given £3.5 million with one hand and had £14.5 million taken away with the other in the same budget.

Jackie Dunbar: In effect, English students are paying for the increase in national insurance contributions. That is what I am hearing from you—I may be wrong.

Professor Mathieson: I am making the point that the small increase in tuition fees for English students yields us additional income but, at the same time, the increase in national insurance contributions will more than outweigh any benefit that we might get from that additional income.

Jackie Dunbar: That is all that I have for now, convener, but I might come back in later.

Joe FitzPatrick (Dundee City West) (SNP): I go back to Jackie Dunbar's questions on international students. I have a particular interest in what has been happening at Dundee university, and the committee is having a number of evidence sessions on that. However, we do not want to cut across on-going work.

I am keen to understand what your institutions have done and who led the response on the challenge of international student numbers. How have you managed to make sure that you are not in the same situation as Dundee university is in? There has been a degree of agility from you all; it would be good to hear a bit about that and about who led it.

10:00

Professor Miller: The international recruitment team at UWS was central to identifying where we could diversify our international onshore recruitment, and we have done that over the past three to five years. More recently, we have tried to derisk onshore recruitment by diversifying our transnational education. Work on that is being led by particular teams, and a member of my team—the vice-principal for internationalisation—is leading on it.

Joe FitzPatrick: So the vice-principal is leading that for you.

Professor Miller: Yes.

Joe FitzPatrick: That is great—thanks. I bring in Professor Rigby.

Professor Rigby: The normal running of our international recruitment is conducted very effectively by my pro vice-chancellor for that subject area, who is Naomi Graham. I am really proud of her work.

The strategic decisions about building resilience and a balanced portfolio that can cope with the risk in any one geographic region lie with the university leadership team, which I chair, so I take leadership of that. Since I joined the university in January, we have amplified our focus on three areas of distinctive income growth that we are pretty sure, when we run the numbers, will overcompensate for the general reduction in international applications.

My predecessor, Andrea Nolan, who I say for the record was a brilliant principal, started one area of focus by setting up what is in effect a foundation college, which is embedded at Merchiston. We bring in students who need to do a bit of preparatory study before they can enter an English language degree. After those students do that with a partner of the university, we take them—if they wish to come to us—as they transfer into permanent undergraduate or postgraduate study. That is brilliant, because we can wrap support around those people while they learn.

In partnership with Queen Margaret University, we are opening a new campus in Egypt, which will come on stream in September. We have a lot of support from the Egyptian Government and the British Council.

From this week, we still start to teach across the summer. We have added another entry point for international students so that, at times of year when our estate is less well used, we can teach and hence generate income.

The essential underlying problem is not finding immediate solutions to the finance situation but what the shape of the institution will be at the end of this change. All the things that I described provide really good educational opportunities for students to learn and brilliant ways for my staff to teach. However, at the end, we will not look like the same institution as we were at the start. Because fewer home students are coming to us, our expertise, our focus and the brilliant teaching that my staff do is directed outward, rather than inward towards Scotland.

Joe FitzPatrick: That is helpful. It is interesting to hear that you have taken a slightly different approach. Professor Miller talked about a vice-principal leading such work. When was the decision taken that you, rather than the vice-principal for international relations, would lead the team that took the strategy forward? Is your structure just different?

Professor Rigby: Our structure is just different. There was no point when I would have said, “Hey, Naomi—I will take this over.” Rather, all strategic decision making is a function of the most senior leadership team and, because I chair that committee, that decision making orientates through my judgment. I am not acting alone; we discuss pros and cons and come to an outcome.

The issue is not just about how many students we can get in; it is about quality, as Peter Mathieson said, and about the strain on our staff and our timetable and the outcomes for students when they return. The students must have a good experience. We owe them an enormous debt of learning and power that they will take back into their lives after they graduate. It must be a whole-university decision; it cannot involve just one element.

Professor Miller: I will clarify something. The vice-principal for internationalisation takes the lead, but the decisions are made by the vice-chancellor’s executive, which is the part of the structure that I chair—in the same way as Professor Rigby. I make it clear that we have an individual who is responsible and accountable for developing the university’s internationalisation, and they report to the vice-chancellor’s executive.

Joe FitzPatrick: I think that I was suggesting a difference that maybe is not there. Is your situation the same, Professor Rigby? Is an individual accountable?

Professor Rigby: Yes. Naomi Graham is accountable, but only in the sense that she is

brilliant and does a fantastic job. She is not in any sense held accountable. The word “accountable” is odd, because it has both positive and negative connotations.

Joe FitzPatrick: We have people formerly from Dundee university coming in. I am keen to understand how other universities are managing this, who is accountable and who is making decisions at other places, so that we can understand what is happening there. That has been very helpful.

Professor Mathieson: Our decision-making process is quite similar. We have a senior executive, which I chair, that makes the big decisions, and if there was a big strategic decision to open a campus somewhere else, for example—although that we have not sought to do that—it is inconceivable that the decision would be taken by an individual; it would be taken collectively. We have a big team responsible for admissions generally, and quite a lot of that work in Edinburgh is delegated to schools and programmes, but a central team collates and reports on the numbers. So, our process is quite similar.

I would like to comment on an aspect that is relevant to Dundee university. Although I am not an expert on what has happened at the University of Dundee, I can tell you what has happened at the University of Edinburgh. I want to make a point about the fragility of international student recruitment. We have developed this situation and it exists right across the UK, but it is more significant in Scotland than in England—for reasons that you are probably familiar with, but I will briefly touch on them.

We have to cross-subsidise some of our activities, as we are inadequately funded for the education of home students and research. Both of those activities are underfunded and, therefore, to deliver them successfully to a high standard, we have to have this phenomenon of cross-subsidy. In the case of the University of Edinburgh, there are only two ways in which we can generate cross-subsidy. As a charity, we do not make profits, so we have to generate some kind of surplus that we can reinvest. The two areas are the recruitment of international students and what we call accommodation, catering and events—the running of commercial activities. In the summer, for example, we can rent out any spare capacity in our accommodation to people who are attending the festival or the fringe, and we can reinvest any surplus in the university.

Universities have become dependent on cross-subsidy, which has been a phenomenon for well over a decade and has worked reasonably well in the sense that we have been able to keep the show on the road. When the source of that cross-

subsidy becomes fragile, however, the ability to manage the university in that way is weakened.

In the past couple of years, we have seen what happens when our ability to recruit international students from various countries freely—as, indeed, we are encouraged by both Governments to do—becomes threatened. The Nigerian market is a very good example and is, I understand, a major factor for Dundee university. When something like a currency crisis, which is beyond anybody's control, impacts a market that you have become dependent on, you are in a very fragile position.

There is then the legislation around dependants that the Westminster Government introduced, which you have heard about and which has also damaged some markets—some but not others. One of Edinburgh's major markets is China. We have a very large number of students from greater China—from mainland China, but also from Hong Kong, Taiwan and Macau. We are obviously very susceptible to geopolitics, and if China were to invade Taiwan, for example, the geopolitical ramifications would be completely beyond our control and it would be very serious for universities that have a lot of Chinese students as part of the cross-dependence model.

Some sources of international students are very visa sensitive and some are not. The Chinese market is not particularly visa sensitive. Most Chinese students come here, study and then go somewhere else, whereas students from India and Nigeria, for example, are more likely to want to stay after their studies. So, when the Westminster Government recently proposed reducing the post-study visa from 24 months to 18 months, we were grateful that the visa was maintained and was at least going to be available for 18 months. However, even that change from 24 months to 18 months is likely to affect those markets where the visa is a major factor in people's decision making.

That explains some of the fragility of the cross-subsidy dependence model.

Joe FitzPatrick: It is helpful to have that on the record. Who, in your university, leads on decisions about how the university responds to particular geopolitical incidents, whether in China, Nigeria or elsewhere? I get that there is a committee that would decide if, for example, you were building a new institution.

Professor Mathieson: The senior leadership team, which is chaired by me, and the senior executive, which is also chaired by me, recognise the fragility. In the past few years, we have wanted to diversify our international student recruitment, so that we do not have such a dependence on one particular geographical region. We have not diversified into Nigeria particularly; we are trying to

have more recruitment from India, and we have had some success with that, but it is very visa dependent. That sort of strategic priority would be led by the senior leadership team, which is chaired by me.

We have a team of people who are responsible for the delivery of what we want to achieve. We do not have a vice-principal international at the moment—that post is vacant—but we have a vice-principal students, part of whose responsibility is admissions. Recruitment numbers are reported in the senior team by one of the members of the senior team, but beneath that is a team of people who are working on international student recruitment, including some people who are in-country.

Joe FitzPatrick: So, ordinarily you would have a vice-principal international. How long has that post been vacant?

Professor Mathieson: As part of the restraint on recruitment, we have not filled that post. When the incumbent finished his term, last year, we decided not to refill that post, because we thought we should limit our own recruitment into the senior leadership team. The responsibility is currently shared between the vice-principal students and one of the deputy secretaries, who has a particular responsibility for students.

Joe FitzPatrick: That is good. Thank you.

Claire McPherson, can you give us some insight into how universities are working together on this? We hear that it is a challenge right across the UK. Are you helping universities to understand that challenge and how to respond to it?

Claire McPherson: Before I get into the collaborative work, it might be helpful to set out some of the strategic plans that have been helping to guide and shape university activity.

In 2020, the UK Government published an international education strategy that—to pick up on Peter Mathieson's point about diversification—very much encouraged two things: diversification and international student growth. That was the policy of the previous UK Government, so universities that have decided to enter new markets have done so with the encouragement of a UK-wide strategy. Alongside that, however, migration policy has perhaps not been supportive and enabling in relation to achieving those outcomes, so there is an issue with policy coherence.

There has also been a Scottish Government international education strategy, which is where we have been able to work collaboratively across the sector with the Government to do things such as destination marketing to promote Scotland's welcoming approach—which Sue Rigby described

earlier—and help international students to see that Scotland is a place that values international students coming here, their contribution to our society and the campus experience. We have been working at a sector level with the Scottish Government in that space.

We have a Universities Scotland international committee, where members of our institutions can come together to talk about some of the challenges and opportunities in this space and to share good practice and insight. Given how absolutely fundamental to the sustainability of the sector international student income is, we spend quite a bit of time on it.

Joe FitzPatrick: Who comes along to that committee? Is it mainly those at the vice-principal level, which we have heard about?

Claire McPherson: Yes. Each institution will choose whom they send, but they are normally at the VP level or the lead level within institutions. We come together regularly, and Professor Miller currently chairs that committee on behalf of Universities Scotland. Our committees are normally led by principals, so we have an overview.

Joe FitzPatrick: That is helpful. I will have to come back to you on that point, Professor Miller, to understand how that group has come together over the last period and how it has shared information across the universities.

Professor Miller: I would say that it has done so extremely well, because, across all the institutions that send their representatives, the combined intelligence about different markets and how the situation is playing out is very strong. That sharing of information is extremely helpful. As you have heard, the way in which that comes together with national initiatives, at both a Scottish level and a UK level, also provides important intelligence.

As well as the UK international education strategy, we have the Scottish Government's international education strategy, and a number of the members of the Universities Scotland international committee also sit on the international education strategy committee with the minister, so there are very strong connections and interdependency between those committees. That provides a real opportunity to share best practice.

10:15

Joe FitzPatrick: Did anyone from Dundee university attend those meetings?

Professor Miller: Yes.

Joe FitzPatrick: Do you know who attended?

Professor Miller: When I started, it was the vice-principal international, when she was there.

Joe FitzPatrick: For the record, who was that?

Professor Miller: It was Professor Wendy Alexander.

Joe FitzPatrick: Thank you.

Professor Rigby: I know that we have flogged this a bit now, but universities will always be on the back foot with very rapid changes in the external environment, because our products—our degrees—take a little while to develop and market. There will always be a time lag between external events and our response to them. It is worth putting that on the table, because we cannot invent a degree in three or four weeks and then take it to market. Even in universities that have become really quick at that, there will be around a year of lag time while they develop a new degree or a new master's degree and then market it and start to recruit students.

One inherent weakness of any university—the University of Dundee, Edinburgh Napier University or anywhere else—is that, as external events change, the rate at which we can respond has always lagged quite significantly. In financial terms, it lags across financial statements. That is worth adding.

Joe FitzPatrick: That is helpful. Thanks very much.

John Mason (Glasgow Shettleston) (Ind): I looked at the financial statements of all your universities up to last July and I want to ask you a few questions about them. My first question is on reserves and I will start with Professor Rigby. Napier's income for the year is something like £171 million and its reserves are £139 million. On the face of it, people might think that that is quite a healthy position and that £139 million in reserves is quite good. Could you tell us a little about the reserves, what they are intended for and what they should be—that kind of thing?

Professor Rigby: Yes. Thank you for asking that question. Our reserves are £139 million but an awful lot of that is buildings. The more useful number is probably cash. We have £66 million in cash and that gives us resiliency in realised liquidity, but it also means that we can cope with a year of deficit or we can invest to grow.

The problem for me is that my reserves look as though they are worth a lot of money on paper. However, if you look at a cross-section of my building in Merchiston, you can see that it is made up of cladding, reinforced autoclaved aerated concrete, asbestos and then the inner wall. I have a huge maintenance deficit that I will need to repair in the next six to eight years and the reserves are building up towards a point at which

we can spend them on doing up that building. In an odd way, I would love to flog it, but its sale value is about a tenth of its asset value because it has a power substation in the basement. I know that that is probably more detail than you wanted. Although reserves can look very healthy, if you cannot sell them, they are not worth the paper they are written on. Cash is king in a university.

John Mason: Okay. I will come to the others so that they can comment as well, but I take your point. You mentioned RAAC. We have been given a figure of £750 million for the whole of the university sector. Can you give us a figure for what RAAC repairs might be for your university?

Professor Rigby: We are very lucky with our RAAC because it has never been exposed to water. So, although RAAC has a bad name, our buildings are not in danger of structural collapse. They are simply not compliant with modern building regulations. My worry is more about asbestos than RAAC because as soon as I need to enter that cavity—for example if I put in a new heating system—I will need to close the whole building to remove the asbestos. While we do that, we will also look at all the other structural elements. Were we to do it today, we have an estimate of about £105 million, but, having put up several university buildings over the course of the last seven years, I would add at least 50 per cent to that in the current environment. It is so hard to get parts and to get construction companies to commit to deliver on time and on budget.

John Mason: When we are dealing with other organisations, perhaps charities and so on, they sometimes say that they want to have three or six months' income or expenditure in reserves, that kind of thing. Does a university like yours have a target for what your reserves should be?

Professor Rigby: We do not have a reserves target per se, but we do monitor our cash very closely so that, effectively, if all of our income stopped tomorrow, we know how long we could carry on before we went broke. We keep that up. It could not happen, because we are already committed to teaching students, so it is an accountancy gain rather than a likely reality, but we have five months' cash, so we would have time to do something about any error—not error, but any sudden change in income streams.

John Mason: We could discuss accountancy games but I think that we will not go there today. That is fine, thank you.

Professor Miller, in the same area, are your reserves adequate? What should they be?

Professor Miller: As Professor Rigby mentioned, the difference between reserves and cash is really important. Our cash at the end of 2023-24 was around £80 million and now it sits at

about £66 million. In the same way, we do not have a particular target for the amount of time, but we regard 90 days as the point we would not wish to go below. At the moment, we are somewhere between about 120 and 160 days, depending on when you take a particular cut of the cash position, which is monitored and reported regularly, not just at an operational level, but to the vice-chancellor's executive, and to our audit and risk committee and ultimately into the court through our reporting mechanisms.

Our reserves, or the cash that we want to keep, are largely around investing in buildings as well as other infrastructure. We have five campuses that we look after, four in Scotland and one in London, so that takes up a significant amount of capital. The capital grants that we have received from the Scottish Funding Council have diminished over quite a significant period, so the maintenance backlog is also an issue that we have to deal with.

We did not have a huge issue with RAAC. We had it in one corridor in one building, which meant that a thoroughfare and a number of classrooms were closed for a time while the remedial work was undertaken. I do not have an exact figure to hand for what that cost but I can easily supply it.

John Mason: Your deficit to July 2024 was £17 million. Presumably, that is not sustainable.

Professor Miller: Indeed.

John Mason: What were your actions?

Professor Miller: The court agreed a multiyear recovery plan, which we are in the middle of at the moment. That saw a deficit position for this year—a much lower deficit position—aiming to be around £8.4 million, with a further deficit position again reducing quite dramatically for next year, to about £3 million, with a return to surplus in 2026-27.

John Mason: Okay. Part of that deficit, it says, was an

“actuarial loss in pension plan”

of £2.6 million. Can you explain to us what that was? I think that Napier had something similar.

Professor Miller: Yes. I think that that is just a sector-wide issue that we have seen right across all the pension schemes. For modern universities, one of the issues is that we have to enrol new academic applicants or members of staff in a particular pension scheme—the Scottish teachers pension scheme—and the system there obviously contributed to that, as did the contributions. The contributions from an employer perspective rose from 23 to 26 per cent, which, when you combine that with the national insurance contributions, means that a pensionable academic staff member in that scheme now has an additional on-cost of

40 per cent. That has contributed to our staff costs.

John Mason: Thank you. Professor Mathieson, your university is about eight or 10 times as big as either of the others, so it is a slightly different scale and your reserves are also of a slightly different scale, at about £3 billion. Are you in the same position as the other universities as to what that £3 billion is for?

Professor Mathieson: Yes. Thank you for acknowledging the difference in scale, which is worth noting. All the numbers look big for the University of Edinburgh, including the savings target that we have set ourselves, because we are a very large organisation with very substantial income and expenditure. Our reserves are indeed just over £3 billion in valuation. About £2.4 billion of that is fixed assets, which are buildings largely and therefore not easy to mobilise, although we are looking at our estate to see whether we can downsize: can we sell, can we mothball, what can we do to reduce the size of our estate? Certainly, in terms of counting an asset, buildings are fixed assets, not liquid. Of those assets that are liquid, which are the remainder, worth about £600 million, a substantial proportion, probably more than a third, maybe as much as a half, are restricted. In other words, they are endowments or gifts or donations that are for a restricted purpose; they cannot be mobilised to spend on something else.

We focus on the actual amount of cash that we have. We agreed with our governing body a minimum level of cash that we wish to maintain. For us, that is 110 days, so getting on for four months, and that is the level that we maintain. We are currently above that level but, again, if we took no action on our current expenditure, we would drop below that minimum days requirement. That has implications for our covenants with our lenders and also for our financial prudence in terms of making sure that we maintain that resilience, which is very dependent on cash.

We knew where we had RAAC. We have an estate of very mixed age. We have some very old buildings and some more modern buildings. We have buildings that were built during the RAAC era, so we knew exactly where it was. When RAAC became such a focus of attention, we inspected all the RAAC in all our buildings. We found some that needed to be replaced and we have already spent something like £30 million replacing RAAC. That is money that we have had to find ourselves because there has been no help from any Government or from any insurer. That is an example of why we need cash resilience; these things come along and we have to deal with them for the best interests of the members of our community and we have to find the money to do it.

Can I comment also on surpluses? In your SPICe document—I do not know what SPICe stands for but the document that you are providing—

John Mason: The Scottish Parliament information centre.

Professor Mathieson: In the information that you are provided with, which was also provided to us—incidentally, I thought that it was a very good document—there is a figure that I was planning to quote if you did not know it. You do know it, however, because it is in the document. If you add up all the surpluses and deficits across the sector in 2022-23, the cumulative number was £211 million—that excludes Dundee university and the Open University. So, in 2022-23, 17 universities had £211 million. Twelve months later, in 2023-24, it was £17 million. The University of Edinburgh in 2023-24 made a surplus of about £23 million, so our surplus more than accounts for the sector-wide total, which tells you that the rest of the sector cumulatively is in deficit. That is why we continually want to make the point that there is a sector aspect to the current finances that is not confined just to the University of Dundee or indeed any other individual university.

John Mason: I accept that Edinburgh is different. On the surplus figures that you mentioned, the accounts for July 2024 show a surplus of £392 million for Edinburgh. I think that one of the major factors there is the pension scheme. Can you tell us why your pension scheme is a big positive—£350 million positive last year—compared with the others?

Professor Mathieson: Yes. The reason is that our major pension scheme is the Universities Superannuation Scheme and the valuation of USS has fluctuated massively in recent years. When we publish our surplus, that is the figure that is in there because it takes account of fluctuations in USS valuation. We also publish what we call the underlying surplus, which is the surplus on operations and that is the £23 million that I quoted.

John Mason: Yes, okay. So, you just had a one-off good year last year but that could change.

Professor Mathieson: It is not real money. It is the valuation of a pension scheme.

John Mason: You were talking about restricted and unrestricted reserves. I see that the restricted reserves are £99 million and the unrestricted reserves are £2.1 billion, but a lot of that is, as you said, fixed assets. Presumably—the convener asked you about this already—if you stop building new buildings, that will protect your cash and your unrestricted reserves. Have you made any moves in that direction?

Professor Mathieson: We have. I remind the committee that it costs me £120 million a month to run the University of Edinburgh. That is roughly what it costs to pay the bills—the salaries and all the other expenses. If I were to do what people have been suggesting I should do, which is dip into the reserves to get us through this period, you can see from the numbers that you quoted that it would last us only three or four months, so it would be only a very short-term solution. It is not attractive as a way of putting the university into a sustainable position. It just kicks the can down the road a little bit.

10:30

There are other uses of our reserves. For example, in the past two financial years, most of the underlying operating surplus that we have made has been due to donations and to interest on our treasury. Therefore, our reserves provide a useful source of surplus when what we really need to be doing to make the university sustainable is to generate a surplus on our operations. That is what we are seeking to achieve. In terms of the proportion of our reserves that is fixed assets, you are right that it is mostly buildings, and we cannot mobilise them overnight, as Sue Rigby has said.

John Mason: But still, £300 million in unrestricted reserves not in buildings seems like quite a good figure.

Professor Mathieson: It costs me £120 million a month to run the university, so that is not even three months' worth of money.

John Mason: The convener asked you about the numbers of staff. Again, comparing the three universities—and I accept that the scale is different for each of them—I note that the number of staff in the other two universities that are represented here today stayed roughly steady between 2023 and 2024, but your number went up by 958. Given that you seemed to be coming into a difficult period, that seems quite a big increase, when you have roughly 12,000 staff. Will those same staff be leaving? Why were so many staff brought on, when now you are having to get rid of some?

Professor Mathieson: We have about 18,000 staff, and about 13,000 full-time equivalents, because we have a lot of part-time staff. So, yes, there was that rise in the year that you quoted, and there was a similar rise in the previous year. Over the two years, between 2021 and the end of 2023, or the beginning of 2024, our staff numbers went up by a total of about 2,000, and that was right across the university. It was in every department and every kind of staffing group. That was what we felt we needed to put a stop to a year ago when we introduced our recruitment restraint.

There were many factors around that period of growth. Some of it was to do with the city region deal, which has been a big success for us and which led to some staff recruitment. We have introduced new approaches to student support, in particular, and that led to some new recruitment. There were a number of reasons why that recruitment was going on. The realisation that continuing that was unaffordable, as I answered to the convener at the beginning, came about two years ago, when we started to see the threat to what had been previously regarded as a very safe source of cross-subsidy, which is international students. When we saw that weakening, we recognised that we could not allow that rise to continue.

That is when we introduced recruitment restraint, and that is why we feel that we need to reduce the staff base now. The voluntary severance scheme that we have already run has certainly been helpful, but voluntary severance schemes, as you will be well aware, are not targeted at any particular area. It purely depends on who comes forward, so we did not expect it to solve the problem entirely, although it has made a contribution.

John Mason: In retrospect, do you think taking on 958 staff was a mistake?

Professor Mathieson: There were good reasons for doing it, and I think that people at the time thought that it was affordable, but we recognise now that circumstances have changed. Again, I make the point that a lot of the events that have changed are beyond our control or that of any other university: inflation, wage inflation, utilities costs, the cost of living pressures, the war in Ukraine affecting building supplies and so on—a whole load of external events. It is the coming together of all those events in a period of fragility that has led us to have to change tack.

John Mason: I think that I have pretty well used up my time but, Ms McPherson, do you want to say anything else about university reserves as a whole?

Claire McPherson: I think that Peter Mathieson has covered the headline figure for the sector. Given all the challenges in our operating environment, we have seen a significant decline in the financial sustainability of the sector, and that is coming through in the numbers very clearly. That is why we think that it is important to have a broader conversation about financial sustainability and to bring everyone together to think about different ways of tackling these challenges, because all the indicators are that our operating environment will not suddenly improve. Costs continue to rise, there continues to be fragility in the international student recruitment market, and

public investment in research and teaching has continued on a negative trajectory.

John Mason: If we were to look at one key figure in any university, would it be better for us to look at the cash balance rather than reserves?

Claire McPherson: Absolutely. We are more than happy to provide further information to the committee that sets out the key indicators from our perspective, but the cash position is critical.

The Convener: Sir Peter, in response to Mr Mason's last question, you said that people at the time thought that the significant increase in the number of employees was affordable. Were you one of those people?

Professor Mathieson: Yes. I think that, collectively, we thought that we would have enough resilience to survive the external pressures.

The Convener: What were your monthly costs ahead of that? A few years ago, before you increased your staff numbers by about 2,000, what were your monthly costs? If they are now £120 million a month, what were they before the significant spike in the number of employees?

Professor Mathieson: Costs have gone up steadily over the past few years, as they have for all organisations.

The Convener: You are very keen to tell us that they are now £120 million a month. What were they before the significant increase in staff numbers?

Professor Mathieson: Which time point would you like to know about?

The Convener: Well, say four years ago.

Professor Mathieson: Four years ago.

The Convener: You said that it is roughly in the past four years that you have increased.

Professor Mathieson: The cost was probably about £95 million or £100 million a month.

The Convener: Did you not think, as principal, "If we are taking on all these extra people, it will cost us tens of millions of pounds every month, so is it really affordable?"

Professor Mathieson: Precisely, which is why we stopped it a year ago.

The Convener: But you are saying that you thought at the time that it was affordable.

Professor Mathieson: I am not a budget holder.

The Convener: No, but my first question was to ask whether you were one of the people who thought that it was affordable, and you said yes.

Professor Mathieson: Yes.

The Convener: Now you, as one of the people who thought that it was affordable, are telling me that you also did not question spending tens of millions of pounds every month on additional staff.

Professor Mathieson: We constantly question the budget holders in annual planning rounds of setting budgets and every year those budgets are revised and changed. There is a process that is led by the director of finance and the provost, which engages with each budget holder and sets their plans for the years to come. Over the past couple of years, there has been a realisation that the plan was not going to remain affordable.

The Convener: Should you have realised that earlier, as principal?

Professor Mathieson: It is easy with hindsight, isn't it?

The Convener: I am asking you. Should you have realised it earlier?

Professor Mathieson: We realised it at the time when the facts became obvious, which was two years ago.

The Convener: Should you not have seen it coming because you were now spending tens of millions of pounds extra every month?

Professor Mathieson: We did not know. We could not predict some of the external events that were going to happen in those two years.

The Convener: You mentioned utility costs to Mr Mason. Your own utility costs are paid for. You do not pay them for your own house, the principal's house.

Professor Mathieson: That is correct.

The Convener: You also spoke about buildings being sold off. The University of Dundee has decided to sell the principal's house. Is that something that you can or would consider doing in Edinburgh?

Professor Mathieson: The house was donated by an alumnus to the university for the principal to live in it. It was a specification of the donation, so it is not quite so straightforward.

The Convener: But could it be sold? Have you looked into that as a potential saving?

Professor Mathieson: All the buildings of the University of Edinburgh are under consideration as to whether we need them or not—for sure.

The Convener: Do you think that you need a principal's house?

Professor Mathieson: That is not for me to comment on.

The Convener: Well, you are the principal, so I am asking you. Do you need it to do your job?

Professor Mathieson: As I told you, I was made an offer and I accepted it. That included the house.

The Convener: Yes, you told us that before. You told us that you did not know how much you were paid, but do you believe that you need a principal's house? Other universities in Scotland that are in significant financial difficulties are selling off their principals' houses.

Professor Mathieson: If I thought that selling off the principal's house would solve the problems of the University of Edinburgh, it is certainly something that could be considered, but it would be a tiny contribution to what is a massive challenge.

The Convener: I accept that, but is this now something that you are considering and will look at?

Professor Mathieson: It is not up to me.

The Convener: Is it something that you can put to the court to consider?

Professor Mathieson: It is not up to me.

The Convener: You put forward a proposal to save £140 million, £90 million of which is from staff reductions. Therefore, it is up to you, as principal, to lead from the front by suggesting that you do not need a house to be paid for you and you do not need utility bills paid for. I believe that you get a car as well.

Professor Mathieson: I do not get a car, but there is a university driver.

The Convener: So you do not drive yourself.

Professor Mathieson: I walk mostly.

The Convener: But when you are in a vehicle, you tend to get a driver.

Professor Mathieson: I have my own car as well.

The Convener: But you could put forward those other things—the driving service, the house and the utility bills—to the court as a saving that can be made, to show that you can lead from the front in your organisation.

Professor Mathieson: My employment package is a matter for the remuneration committee. If it wanted to make that suggestion, it could make it.

The Convener: But you could offer that suggestion for it to consider?

Professor Mathieson: In theory, I could offer to be paid zero for it to consider as well.

The Convener: Could you put that forward as an offer? Would you show willing by saying that you do not need all those perks over your significant salary?

Professor Mathieson: I do not think that it would solve the problems of the university.

The Convener: I am not saying that it would, but it would be a signal that you are keen to look at every possibility. You have told the committee that you are looking at selling off buildings, so why not the building that you live in rent free?

Professor Mathieson: We are looking at all buildings.

The Convener: So you will put that forward.

Professor Mathieson: I have not said that.

The Convener: How can you look at all things if you are not going to put that forward?

Professor Mathieson: We have an estates department that runs all the buildings of the university, and it is responsible for decisions about all of them.

The Convener: Do you think that the people in that department will be watching this thinking, “Ah, Sir Peter is quite happy for us to consider this,” or, “Sir Peter would be averse to losing his free house”?

Professor Mathieson: You would have to ask them.

The Convener: Well, I am asking you. Would you offer that up? If they were watching just now, would you say, “This is something that you can consider for the better good of this university”?

Professor Mathieson: I think that it is one thing that could be considered, yes.

Ross Greer (West Scotland) (Green): I would like to stick with the property questions. Professor Mathieson, you have mentioned that there is an assessment of the university’s property portfolio going on. Could you give us a bit of detail on that? Given that there is significant distress among your workforce at the moment about the potential redundancies, it would be useful to know how the assessment of the property portfolio fits in with wider cost-saving measures. Are you expecting a report to go to the university court some time soon with an assessment of the portfolio and what assets might be disposed of? Could you give us a little bit more detail on how that aspect of it is being assessed?

Professor Mathieson: The University of Edinburgh owns and operates about 500 buildings across the city. It is a very large estate, very mixed in age and condition and suitability for its current use or for any other use. It is a pretty

heterogeneous estate. We have utilisation data on the estate showing that the estate is underutilised. We know that quite a lot of the buildings are not utilised heavily, particularly on some days of the week. That has changed since the pandemic because working patterns have changed. We have quite a lot of information.

We have an estates department with a director of estates, and the director of estates is a member of the university executive, again reporting into the executive, which I chair. We have asked the estates department, led by the director of estates, to look at which buildings we have that somebody else might be interested in buying. There has to be a kind of reality check that says, “We may not want some of our buildings, but would anybody else want them?” The director of estates has done an analysis. He has come to us with some possibilities, including costings of what money we would gain if we were to sell a particular building and what the costs would be of reproviding for the people in that building somewhere else. We have quite detailed analysis of that. It has not yet got as far as being a specific proposal. We have asked him to do some scenario analysis.

We have also looked at current projects. We have a governance procedure that approves capital projects. They start with the estates committee, go to the policy and resources committee and then go to the court. Within the projects that are currently approved for this year and next year, we have what we call category C projects. I will not bore you with the details, but category Cs are projects that we have not yet started. They have been approved, we have business plans and reasons for wanting to do them, but they have not yet started. We have asked how many of the projects in that category could be either delayed or cancelled. The answer is about £40 million-worth. We have paused about £40 million-worth of projects that we would otherwise have proceeded with, purely because of the current affordability issue.

I come back to the point that this is not addressing an increase in our expenditure. There is a little bit of recurrent expenditure. If we were to sell a particular building, next year and the year after we would not have the maintenance costs.

Ross Greer: I accept that that reduces the deficit and, at best, buys you time. However, buying time is not in and of itself an effective activity. I am just a little concerned. Although the exercise that your estates director is doing is useful, it does not sound as if there is a particular timescale attached to it. You are moving forward with redundancy processes and staff are facing the prospect of losing their jobs. If I were in your position, I would want a bit of urgency behind the estates review—that work should not just involve

property; I will come to other assets in a minute—so that I know what are my options are other than losing staff.

Professor Mathieson: Sure.

Ross Greer: What timescale are you attaching to that exercise, and how does it sit alongside the timescale for staff redundancy processes?

Professor Mathieson: The suspension of the category C projects has already been decided. That has been through the governance procedure—it has gone up to court and has been agreed. We have paused a group of projects that would otherwise have been proceeding, and that buys us a bit of time and preserves our cash for a bit longer. That has already been decided and has been useful.

As for disposing of bits of the estate, obviously, we have to have a willing buyer. Discussions are going on with people who might be interested in buying bits of our estate, but we have not made any decisions to sell any particular building. We do not rent many buildings—we rent one major building, but we own most of the buildings that we occupy. We are seeking to avoid renting any property, and we are seeking to move staff out of the building that we rent because that would mean losing that cost.

These things are happening now, and they are buying time. They do not solve the underlying issue, which is that our costs—all of our costs but particularly our staff costs—are not affordable and therefore need to be changed. That is why we are doing the work that we are doing.

Ross Greer: I acknowledge that. However, I go back to the assessment of your estate. Has your estates director been given a deadline for reporting to the executive team? Does the court have any indication of when a paper could be tabled for consideration?

10:45

Professor Mathieson: Yes. The estates director has already reported—I am trying to remember when that happened, but it was relatively recently. He reported the initial analysis that I referred to—what buildings we have, what we could yield by selling a particular building, whether we think that somebody would be interested in buying it and so on. That analysis has already been presented. It has not gone to court yet as a proposal, but it is certainly in the thinking of the estates committee. The estates committee reports at every court meeting, and we have a court meeting coming up. There is a standing agenda item on the estates committee report, and the court constantly asks how are we doing with looking at where we could mobilise some cash.

However, as I keep saying, that does not solve the underlying problem.

Ross Greer: Absolutely. I acknowledge that. I am just looking to make sure that no stone is left unturned.

As well as your property portfolio, the university has other assets that are not property. Are you assessing all of that? I recognise that the scales here are quite different, but yours is one of a number of universities that hold a number of pieces of artwork, for example. It is perfectly legitimate to argue that it is a public good for the university to have that art, rather than for it be sold to a private collector, which would mean that the public loses access to it. However, given the financial situation that the university is in, does your assessment of all your assets go as far as non-property assets, such as artwork?

Professor Mathieson: Artwork counts as a non-liquid asset, and we have valuations for artwork. Again, I repeat that we need £120 million a month. We would have to sell a lot of artwork to pay even one month's costs. It will not solve the problem.

Ross Greer: No, but it can be a piece of the puzzle. There is no single solution. Actually, the single solution to solving your problem in one go would be to make a vast number of your staff redundant, but I suggest that would have significant negative consequences. Given that, and given my suggestion that no stone should be left unturned, are you making an assessment of all your assets, not just your property portfolio?

Professor Mathieson: We know where all our fixed assets are, we know what they are worth and we know what difference it would make if we were able to liquidate them.

Ross Greer: Is that an active consideration?

Professor Mathieson: It is part of what we do constantly. Our estate is a much bigger issue than the artwork. On the maintenance costs, we have a mandatory spend of about £30 million to £40 million a year on health and safety and routine maintenance of our estate, partly because it is so old. On climate change, our ambition is to make the university a net zero organisation. The estate is the biggest challenge and there are lots of reasons for focusing on it.

Selling the artwork would not make a major contribution to what we need to do, but we have asked ourselves which of our non-liquid assets we could liquidate. If we thought that that was the answer, we would do it, but the reality is that our operating spend needs attention.

Ross Greer: My next point is not unrelated to the point that you have made about maintenance. The capital depreciation figure in your accounts

seems to have gone up significantly in recent years. Obviously, the increase will not be even, year on year, given the nature of capital budgets, full stop, as well as the factors that are involved in depreciation in particular. However, the figure seems to have risen significantly. In three years, it goes from £60 million to £117 million—that is the projection for the year after next—so it is nearly doubling. Do you have any detail on why the depreciation figure appears to be rising consistently and quite rapidly?

Professor Mathieson: It is down to the nature of our estate and the fact that, over a period of decades, we probably have not been able to maintain and repair it to the extent that we would wish. We have a lot of buildings that are old and unfit for purpose. We would like to either mothball them or sell them, but they have to be in a condition that means that somebody else wants to acquire them. We have a bit of a liability with our estate.

You will be aware of the accountancy term EBITDA—earnings before interest, taxation, depreciation and amortisation, which is a standard accounting measure. We are attempting to take depreciation out of our considerations so that we can look at the underlying cash position. You are right that there has been an increase in that figure and that £117 million is the projected figure for 2027-28. It is not £180 million, as was quoted recently by the University and College Union, despite the fact that it had seen the £117 million figure before that letter was sent.

It is a substantial pressure for us and it is a substantial issue for me when I think about my successors in the future. They will inherit this estate. We have to do what we can to try to make it more manageable, and addressing the depreciation cost is a big part of that.

Ross Greer: I have a final question. I take on board everything that you have already said about your own salary package. You acknowledged to the convener at the start of the evidence session the 5 per cent salary increase that you received at the start of the financial year. I accept your point that your salary alone—even if you were paid nothing—will not close a deficit of tens of millions of pounds. However, do you believe that your 5 per cent salary uplift is worth the damage that it causes to staff morale and confidence? That decision and decisions like it are seen by staff as emblematic of a wider problem of senior management insulating themselves from the challenges that the rest of the institution is facing. Was that 5 per cent increase worth it, given the upset and distress that it has caused to staff who face the prospect of losing their jobs entirely?

Professor Mathieson: There has been a lot of focus today on my salary and I understand the

reasons for that. It is a matter of record that, in my first four years in the job, I did not take any pay rises. Although I was offered the standard sector pay rise in those years when a pay rise was offered, I did not take it. The remuneration committee sets pay and decides on pay rises for me and other members of staff at grade 10, which is the senior grade across the university. That committee wanted me to accept the standard pay rise that everybody else was accepting, and in the past three years I have done so. The pay rise of 5 per cent that you quote was the same as everybody else got. For me, it is a larger number because of my—

Ross Greer: I do not like interrupting but, to be clear, I understand entirely the process. I am familiar with remuneration committee processes. My question is to you, as somebody who accepted the increase. Do you think that it was worth the distress and the damage to staff morale for staff who face losing their jobs entirely and who, in most cases, are paid less than a 10th of what you are to see you getting a pay increase on an already incredibly substantial pay package, which puts you in the top 0.5 per cent of earners in Scotland? Was it worth it? That is what I am asking.

Professor Mathieson: Worth it to whom? Worth it to me or worth it to—

Ross Greer: To you and to the wider senior management team, but to you as the individual at the top of the institution who accepted it. Do you think that it was worth it? Let us leave aside whether you think that it was a benefit to you. Do you think that it is worth it to the institution for decisions like that to be made?

Professor Mathieson: The decision that the remuneration committee recommended was that the members of the senior team, including me, should take the same pay rise in percentage terms as was being offered to the entire workforce, and we accepted that recommendation.

Ross Greer: You did. I am asking you whether you think that it was worth the distress and upset that it caused. I presume, by accepting it, you believe that it was.

Professor Mathieson: If I answer the question in another way—that is, what difference would it have made to the workforce—

The Convener: Sir Peter, you are here to answer questions. Mr Greer has asked you the same question in the same way multiple times. Could you please answer his question rather than suggesting to him what he should ask you?

Professor Mathieson: I was not trying to suggest what he should ask me. I was trying to answer the question in a different way.

You asked whether it is worth it. I suppose the question is what it would be worth had I or others not accepted that pay rise. I do not think that it would have made people any more confident of their futures or of their jobs. I accept the discrepancy. I completely understand the reason for your question, but I do not think that any decision by me to accept or not accept the standard pay rise would have a material impact on people's feelings about their own jobs.

Ross Greer: I do not think that it would have made people feel more secure; I think that it would have avoided the loss of even more confidence that many staff feel in the senior management team overall. I acknowledge that it would not have solved the problem and that it would not have made staff feel any happier. My point is that your accepting the increase further damaged what little trust staff have in the senior management team. Those considerations need to be taken on board in the future on an on-going basis, but particularly at a point of what we all acknowledge is a financial crisis. That should be an active point of consideration for the senior management team in the future. However, I accept the answer that you have given.

Professor Mathieson: Thank you.

Bill Kidd (Glasgow Anniesland) (SNP): I thank the witnesses for their responses.

I have a question. We are talking about the funding of universities as we stand at the moment, but we have to also look a wee bit beyond that and ask what we can learn from what is happening now and what might happen with future funding.

Claire McPherson, what support and assistance are universities in total getting from the Scottish Funding Council and the Scottish Government? I want to look at not only where we are now but how we can move ahead in future and, I hope, avoid some of these problems.

Claire McPherson: We engage regularly with the Scottish Funding Council and Scottish Government officials and ministers. The committee will be familiar, through budget bids and evidence that has been submitted over a number of years, that the sector has been saying for some time that the trajectory of public funding is unsustainable and that we need to have a broader conversation about future funding and how we avoid some of the pitfalls that we have been discussing this morning. No one wants to make any of these difficult decisions.

We have had good engagement with the Scottish Government over recent months, particularly as public awareness of the issue of financial sustainability has increased and there have been various discussions about specific institutions in the chamber. We hope that we can

have on-going discussions with the Government about how we might look at the current funding model, determine the funding gap and find potential solutions to fill it.

The sector is cognisant of the fact that we have a role in this space. We recognise that, if we are thinking about the future economic needs of Scotland and the future needs of students, the sector will have to change. We have heard various contributions this morning about the changes that are under way in different institutions and the different operating models that are being developed. We know that we have a role to play in thinking about how we can be more effective, collaborate more and perhaps help to reduce some of the costs in the system.

We are also pretty clear that those actions alone will not deal with the significant challenges around the overall quantum of funding that goes into the sector. We are keen to work with the Scottish Government and the Scottish Funding Council, and, indeed, all parties, to drive the conversation forward and come up with a more sustainable model.

Bill Kidd: That suggests to me that Universities Scotland is working with the university sector across the country, along with the Scottish Funding Council and the Scottish Government, to look at finding a route out of the difficulties that we have seen and then to bring everyone on board to ensure that we avoid the problems that we have seen. I am thinking in particular about the University of Dundee but perhaps also the University of Edinburgh.

Claire McPherson: Absolutely. The current system has seen a real-terms decline in funding and a negative trajectory in public funding over more than a decade. We have heard across the panel this morning that costs are increasing, with inflationary pressures in utilities, staff costs and so on. The gap between income and expenditure has been increasing, and the sources of income that help to fill that gap are now much more fragile and much more precarious than they were even five years ago. The model is not sustainable. That is the conversation that we want to have with the Government and we have begun to have it. We need a solution; otherwise, we will be back here to talk about more challenging decisions that we have to make and the resulting opportunity costs.

We see in the example of Dundee just how significant universities are to regional and local economies as economic actors and as employers, as well as through their relationship with business and public services. All of that is too important to put at risk, but the current funding model does so—we are carrying a high level of risk across the sector at the moment.

Bill Kidd: Attracting people to be students has to be the future of universities. On the circumstances for home-grown students in Scotland and payment for their attendance at university, how is the system working? I know that we have a major issue with the numbers of students coming from overseas, which have fallen for reasons that we know about. Do we have the home-grown student numbers that we need? Do they look positive for the future? If universities are finding it difficult to supply the education opportunities, the numbers of people who want to go to university could fall off.

Claire McPherson: Demand from Scottish students for the sector remains high, but one question that we ought to ask ourselves when we think about future funding is what the future student will look like. We know that, demographically, the number of school leavers will decline significantly beyond 2030. We see that as an opportunity for a more flexible funding model that can better meet student and economic needs. By that, I mean thinking about part-time learning, the role of mature students and lifetime learning in a higher education setting. The current model is more traditionally focused on post-school leavers doing a four-year undergraduate degree.

As well as the financial sustainability issues, we need to think about futureproofing. What does Scotland need from its higher education system? How can we make sure that all those people who need to access high-quality higher education can do so, perhaps in a different format from the model that is currently being funded? A broader conversation needs to be had about that.

11:00

Bill Kidd: Are you having positive conversations with the Government and the SFC about how that broader range of students may come about—as soon as possible, obviously?

Claire McPherson: It is fair to say that we are in the early stages of a conversation about that, but the sector is keen for it to be taken forward at pace and with a level of urgency, given the issues that we have been discussing this morning.

Miles Briggs (Lothian) (Con): Good morning, and thank you for joining us today. I must say that I have found this a frustrating session. We need to understand the human impact of the cuts that we are talking about. As an Edinburgh MSP, I have had people at my surgeries in tears because they are having sleepless nights and are not sure what is happening. The University of Edinburgh is a major employer in the city. We have covered a lot of questions and I do not have time to go back to them all, but we need to see transparency around these decisions for all universities going forward.

I want to follow on from Bill Kidd's line of questioning about the impact of the cap on the number of Scotland-domiciled students attending Scottish universities. How many students from Scotland are attending English universities and paying tuition fees there who would otherwise be at Scottish institutions?

Claire McPherson: I will clarify this if I am wrong but, from memory, currently about 10,000 students from Scotland are studying in the English sector. Conversely, about 33 students from the rest of the UK are studying in Scotland. There are cross-border flows, but around about 10,000 Scottish students are studying in the rest of the UK.

The Convener: Did you say 33?

Claire McPherson: About 10,000 Scottish students are studying in the rest of the UK and about 33,000 students from the rest of the UK are studying in Scotland.

The Convener: I wanted to be clear about that number.

Miles Briggs: I thought that was quite a low number. Recently the finance secretary announced a cut of 1,200 publicly funded places in Scotland. We are losing Scots who want to study in Scotland to south of the border but then gaining UK funding from other places.

We are seeing financial insecurity across the sector, but the funding model has been the Scottish Government's model for the past 18 years, and it has said that it will not change. When has the sector been saying, "This is about to break"? Some of the funding challenges and job losses that we now face have been building for 18 years. I wonder why we are now sitting around this table. It seems that the Scottish Government does not want to do anything about this and that we will still go down this road. Why are we here? Why have Scottish ministers not woken up to this earlier?

Claire McPherson: I will pick up on one specific point before I answer your more general question. It is important not to assume the reasons why students make the choices that they do. The 10,000 Scottish students who are studying in England might be doing so not because there is not a place for them at a Scottish university but because they want to do a particular course or go to a particular institution in another part of the UK, which is a perfectly acceptable choice for them to make.

When we are looking at the number of places, we have to be clear about the difference between the number of places in the system and where those places are. We need to have an on-going conversation with the Funding Council about the

distribution of places. How can we make sure that those places are better allocated to meet student demand? Part of this is about the distribution of funding.

We have been talking a lot this morning about the quantum. As you know, for a number of years the sector has been saying that the trajectory of public funding is unsustainable. We have struggled at times to demonstrate the impact of that, but we are now in a situation where there is a large number of obvious indicators of that challenge.

Miles Briggs: Has Universities Scotland done any work around Scots not being able to access medical courses? I have had families of students come to see me who cannot get into a Scottish university to study medicine and so have gone south of the border and then had their career south of the border, too.

Claire McPherson: We have a lead member for health and we work closely with the national health service on medical places—medicine is a very selective course. Peter Mathieson, who is from an institution with a medical school, might be able to comment in some detail on that.

Professor Mathieson: May I?

Miles Briggs: Yes, please.

Professor Mathieson: Miles, I acknowledge the point that you made at the start of your questions about the impact on your constituents. We fully recognise that. As you know, the provost and I offered to come and speak to a group of MSPs—and some of your officials were there—who represent those people. We recognise the impact on your constituents, and that is one reason why we are trying to be as transparent as we can and to act as quickly as we can to minimise the period of uncertainty. One major justification for the timescale that we have adopted is to try to reduce that period of uncertainty because, as I know from my medical background, human beings are very good at dealing with bad news but find uncertainty very difficult to deal with. We very much understand that and want to address it.

On the point about where the sector has been, I can speak about that in two ways. First, I have been a board member of the Scottish Funding Council for a number of years and I can tell you that the SFC has been thinking about aspects of sustainability of the system for all that time. Of course, that applies to both universities and colleges because the SFC has responsibility for both. In all its conversations with the Government, the SFC has been very conscious of the threat.

I personally have been speaking about this all the time I have been in Scotland. Almost exactly two years ago in May 2023, I wrote an article in

one of the newspapers in which I pointed out the anomaly that you referred to, which is that a family who has decided that they can pay for their offspring's secondary education in Scotland cannot pay for their tertiary education in Scotland but they can pay for it in England or Spain or the United States. That leads to the phenomenon of talent and money leaving Scotland, and that anomaly needs to be discussed.

In that same article, I appealed for a calm debate about the future funding of higher education. Frankly, there was no calm debate. There were some rather non-calm interventions by a couple of people directing their attack at me and telling me that it is none of my business and I should concentrate on my own university. We do need a debate, but quite frankly, no one has been terribly interested. Politicians, the media and the public have not been terribly interested. Every year when Universities Scotland makes its budget submission, it makes the point that universities in Scotland are one of Scotland's major assets and, in our opinion, everything that could be done to ensure their future should be a political priority, but it has not been. Probably the only silver lining around what has happened at the University of Dundee is that it has got everybody's attention and suddenly now there is a debate. I hope that we can have a cross-party debate in the run-up to the next Holyrood election and after it about the alternatives.

A conference hosted by the Royal Society of Edinburgh last week, which was planned a couple years ago and so ended up being very timely, had lots of illustrations of this. I was not able to go to the whole conference, but I know that Pam Duncan-Glancy went to quite a bit of it. What other countries do was discussed a lot. England, Wales, Northern Ireland, the Republic of Ireland, Australia and a number of other countries were discussed. It is fair to say that no one has the perfect model, but in the part of the conference that I was able to attend I did not hear a single voice say that the current system in Scotland is sustainable. We need a sustainably funded system by whatever mechanism.

Miles Briggs: Do we know how much universities have had to pay back in penalties from the Scottish Funding Council for taking more than the set number of Scotland-domiciled students, or is that not available?

Claire McPherson: The Scottish Funding Council does not give us the figures for that at a collective level. Individual institutions will know what they have been asked to pay back either because they have overrecruited or because there has been a level of underrecruitment. That adds to financial challenges within the sector because

people have to anticipate what the SFC might take back when it reconciles the figures.

Miles Briggs: Do you have a figure for the money allocated by the Scottish Government that is then being taken back?

Claire McPherson: We have not gathered that at a sector level.

Miles Briggs: That data would be useful. I want to move on to clawback for courses not delivered because I know that is another concern. Again, the Scottish Government is allocating this funding and then asking for it back from the sector. How could that be reformed? What impact does that have? I will go to all the university principals to find out what this year's clawback currently stands at.

Professor Miller: One issue with clawback is that it is always retrospective and so for the current year we are talking about clawback for the year 2022-23. For my institution, that was just over £8 million. The mechanism that exists at the moment is that universities can provide what are known as mitigations—an understanding of why we have underrecruited as we have. I know that a number of universities, including my own, did that, but, despite that, we were not allowed to keep any of that clawback. I do not have a figure for all the institutions, but for my institution it was £8 million.

For 2023-24, we have yet to understand the impact of the clawback for the coming year. We are only a small number of weeks away from the new academic year—no doubt, we will be told in due course. However, if the same were to apply, the figure for my institution would be a further £10 million, which would be very significant given our particular situation.

On our reason for underrecruiting, for three of the past seven years UWS was massively overrecruiting and got no additional funding for it. One year we were within the tolerance limit and for the other three we were below it. That almost entirely, but not exclusively, was due to a massive reduction in the number of articulating students from colleges into the university. I am sure that the committee has heard previously about the reduction in college students. That affected a number of universities. It affected us particularly because we are Scotland's largest articulating university. If I can give you a sense of the scale, in that single year we lost an intake of 800 students. That is not a single-year impact because in the subsequent years those are our continuing students.

We identified the cause. We identified the costs that related to the university. Indeed, across the sector, we have suggested a number of ways in which some flexibility could be applied to the clawback that would allow all organisations—the individual institution and the Funding Council and

the Government—to come to an agreed transition in terms of how that money would be used. We did not see any consistency. That same approach was not applied elsewhere either for controlled numbers or indeed with colleges. We identified the problem, the size of the problem, the cause of the problem and more than one solution to the problem. The money was, nonetheless, withheld from the universities.

Our point was that we are not looking for any further funding but flexibility in using the funding that had already been committed to a number of universities, which might have been able to be managed over a period of years.

Professor Rigby: Our retrospective clawback was about £3 million. Half of that came from drops in the articulation from colleges, which James Miller mentioned, and the other half came from nursing.

That might be quite a good illustration of a real opportunity to improve the system. It is absolutely unfair that we should be paid for work that we do not do, and so to that extent clawback is utterly fine, but the problem is that it takes us a little while to adapt to an emerging market. As you all know, it is difficult to recruit 18-year-olds into nurse training at the moment. They do not see it as a desirable profession. However, unlike a degree such as history or fine arts, we know that Scotland needs nurses—it is screaming out for them. We know that there is a market in part-time. Lots of people get to a point where they are settled and they have young children and they would like to commit to a career in nursing. We particularly see that among people who are married into the armed forces because every armed forces base has a hospital.

We have a huge opportunity to recruit part-time, hyperlocal students. We have articulation agreements that mean that we could teach them in Galashiels, Livingston or Edinburgh. There would be no problem with moving, with childcare or with anything else. To develop those pathways, we would need the staff that we currently have. That is what we are talking about. Clawback is not money; it is staff. We could take those staff, develop those new routes and deliver to the NHS the nurse trainees or nurses that are needed.

11:15

However, the barriers to that at the moment are that we simply pay back the money and we do nothing. We are failing Scotland. By clawing back, the SFC, in a sense, is hurting us, but we have a ready-to-go solution. We think that everybody is aware of that and all it needs is the co-ordination of agreement between different parts of the Government. That is not to criticise any individual part of it. Some of the solutions that we are looking

for are not about more money; they are about better ways of spending it and a recognition that, as our demographics change and as the needs of the nation change, we need a period of time to pivot from one kind of delivery to another. That pivoting point has a net cost to the university that can be absorbed through not clawing back money that was expected to be delivered.

Miles Briggs: Professor Mathieson, do you have a figure for clawback?

Professor Mathieson: As I said earlier, the University of Edinburgh is fortunate to have lots of applicants and so clawback is not a huge issue for us. We try hard not to overrecruit for the reasons that you have heard, but largely, due to a lot of work by a lot of diligent people, we try to land on target. We have small amounts of clawback here and there, but it is not a huge issue for us.

I am conscious that I did not answer your question about medicine, so I will return to that, if I may. Medicine is my profession and, until quite recently, I was the lead member for health for Universities Scotland; I had that role for a number of years. The number of places for Scotland-domiciled students in medicine has increased across Scotland in recent years and there is lots of competition for students from the rest of UK to get into Scottish medical schools.

At the time when I was lead member for health—probably about two years ago—the allegation was made that the number of applicants to medicine in Scotland was the same as the number of places available. In other words, it was 1:1, and none of your constituents should have children who could not get into medical school if that was true. I was surprised by that because it is not true at the University of Edinburgh; we still have competition for places.

I do not know whether this has now been formally agreed, but certainly in the latter part of my time as lead member for health the five medical schools were agreeing a process whereby, if someone applied to a particular medical school and could not get into that particular medical school, they could automatically be offered a place at one of the other five medical schools. They might get a place to study medicine somewhere in Scotland, but it might not be their first choice. I thought that was quite an imaginative way of dealing with that problem.

Pam Duncan-Glancy (Glasgow) (Lab): I will ask my substantive questions in a moment, but I have a supplementary question on the clawback. Professor Miller and Professor Rigby, you have both spoken of concerns about articulation, in particular, and the flexibility in the system. Has the SFC indicated to either of you or to the Government that there is an understanding of the

pressures on all parts of the tertiary system and the flexibility that is required for it to deliver what Scotland needs to address some of the problems that you have highlighted?

Professor Miller: I think that, if the Funding Council was here, it would say that it recognises that. However, we have seen that that has not translated into changes in the allocation of the funding that has been made available. That is illustrated by the mitigation process.

The committee heard some time ago that the Funding Council had not received any requests for additional help from other universities. The request came in the form of the mitigation process looking for some flexibility over the period in recognition of the fact that there are fixed costs that take time to be removed and there is also inconsistency in how the principle of clawback was applied between controlled and non-controlled subjects—I refer to Sue Rigby's point about nursing, which is a controlled subject—and indeed between different sectors. It was dealt with differently in the college sector and in the university sector, even when we acknowledge that they have different funding systems. The issue is well known and well understood.

Professor Rigby: That was a pretty good answer. To make it a bit more human, I note that everybody that I have talked to in the Scottish Funding Council is aware that there is an issue across the tertiary sector and that the solution, whatever it is, needs to apply across the sector, because the interdependencies are too great. However, the opportunities are so pregnant. We can teach in colleges in a way that sorts out the fact that Scotland is a rural space and people cannot travel if they do not have a car. Colleges can use our articulations to attract more students because they know they have a degree waiting for them if they perform well. The opportunities are enormous.

I have been here for only six months, but I get a sense of a bureaucratic lack of agency. There is a sense that this is what must be done and nobody is empowered to change it. When we identify the clawback for nursing, the Scottish Funding Council tells us—and it is right—that it is not its decision and that the decision rests with health and not with education. However, that is an insufficient answer given the need that we have. I really want to train nurses for Scotland. There are no good or bad agents here, but there is a lack of agency around the piece that could be remediated without any more money being pumped into the system.

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

George Adam (Paisley) (SNP): Good morning. I understand the work that Professor Rigby and

Professor Miller do with regard to nursing in particular. I have a daughter who was waiting for a place at UWS but decided to have two more children instead. She may be back at a later date.

Professor Miller, I usually talk about the virtues of UWS, all the great work that you do in the area and how important the institution is to Paisley in particular, but also to the areas that are served by your other campuses. However, I have to ask this question. Like Miles Briggs, I have had constituents and people who are employed by you coming to me and saying that you are looking at 75 full-time equivalent reductions with a cut of, I think, £6.2 million. You are going through a 45-day consultation and you have not ruled out compulsory redundancies. There has been, almost, a perfect storm since you came in the door at UWS.

How has UWS got to this position? What are the main things that have contributed to it? How do we go forward from here? Many people, including the unions and people who work for you, have a lot of concern about what is going on.

Professor Miller: We fully appreciate the concern, which is affecting everybody in the university—staff as well as students. I hope that I can make it clear that the perfect storm was not an effect of me arriving at UWS. The committee has heard about the decade of underfunding across the whole sector. However, in July 2023, UWS suffered a major, catastrophic, illegal cyberattack. I will not go into the details of that, but you will see in our 2023-24 accounts that that cost the university some £5 million, which we had to find from the reserves. We had no help from anywhere else.

We also saw a dramatic drop in the number of domestic students coming to UWS. I mentioned earlier the articulation route from colleges, which saw a dramatic reduction. That was part of the mitigations that we put forward to the Funding Council as part of the budget settlement. Again, we got no return from that. If the return had been the same as the return for the controlled subjects, we might have seen 50 per cent being returned to the university and 50 per cent being retained by the Funding Council. If the same approach had been applied to universities and colleges, we would have seen a different number.

All those things would have given us some time and flexibility to address some of the underlying issues over a longer period, but we have just not been able to do that. We have therefore looked at a number of measures, some of which you have already heard about, including managing vacancies much more stringently than we might have done previously.

We have not gone forward with an open voluntary severance scheme in the university for the reasons that Professor Mathieson mentioned earlier. We needed to target where we have seen the greatest reductions in the numbers of students. That is precisely what we have done, and that is why we have arrived at the number of posts that we have arrived at. We have not ruled out compulsory redundancies, but we have made it absolutely clear that they will be the last resort. We hope that, with everything that we do, we will be able to avoid getting to that point. I do not think that any institution—in conversations with our trade unions, they have certainly not been able to identify any—that has ruled out compulsory redundancies.

We now need to enter the statutory period of consultation, during which we will be in discussions with our trade unions to identify the posts that fall within the category, whether that will be voluntary or compulsory. As I intimated to them on Monday this week, if we get to a point where we can achieve all of what we need to achieve while avoiding compulsory redundancies, we can then have another conversation, but we are not there yet.

George Adam: It is important for the record that we know that compulsory redundancies will be the very last option. As you will know, Professor Miller, when these things happen, we end up with all kinds of conspiracy theories and people believe that a lot more is going to happen.

I am interested in what you and Professor Rigby said about the funding shortfall with regard to the flexibility that you are looking at, because you both recruit from the colleges. For various reasons including Covid, there was a drop in the numbers. Professor Rigby, you talked about a better way of spending the money that is already there. I like the sound of that. Professor Miller, you talked about more flexible examples. Can you give us more detail on that? I am a great believer that, if there is money in the system, we should use it in the best way possible to deliver what we are trying to deliver.

Professor Miller: I can talk only about UWS, because we do not know what the figure for the sector is, but if we were given the opportunity that I mentioned when I talked about 50 per cent of the money being retained, we could look at how we might be able to do some things over a longer period and recover the levels of student recruitment that we had some time ago.

However, we have not just relied on models of delivery that we have used previously. For example, you are a great advocate of our foundation academy, which is about bridging from schools to university—not specifically to UWS, but to university more generally—so you will know

about the undergraduate school that we have developed with New College Lanarkshire, which is using a different model. We are delivering the programmes in the college and articulating from its programmes straight into them, so people are not even moving between buildings. Similarly, we co-located with the college in Dumfries so that we could get that closer integration.

You will find examples of such new and innovative approaches across Scotland, in almost every university, but we are having to take them within the current constrained financial envelope as opposed to thinking about how we might invest in new ways of delivering.

We have had long conversations with our court about the situation that we find ourselves in, and one of its clear red lines to the executive is that we should not reduce the number of campuses that UWS has. That could have been an obvious place for us to go but, given where our four campuses are, removing any one of them could have left a higher education desert in certain places and we were not prepared to do that.

However, the court said that we need to ensure that we maximise the effectiveness and efficiency of the campuses that we have. We are doing that in a number of ways, some of which are similar to the ones that you heard about from Professor Mathieson, including disposing of buildings that we no longer require, rationalising buildings, and commercial renting to organisations that are aligned with what we are attempting to do in the university.

11:30

George Adam: Professor Rigby, do you have anything to say on better ways of spending the money that is available?

Professor Rigby: I am conscious of time, but yes. It seems odd to me, having come into the system after a period working in England—my long-term career has always been in Scotland, but I had a kind of vacation—that, if I want to invest to grow, it has to be in an international activity. I cannot invest in Scotland to grow numbers here. I cannot increase the number of students that I teach in Scotland by actively developing a proposition that people will want to study.

If I want to set up training in Egypt, I can put in an investment and estimate a return. I might be right or wrong, but it is a business transaction. If I want to—as we do—develop a university centre in Livingston, with great support from Jackie Galbraith and West Lothian College and a shared vision for local delivery that can allow Livingston and that area of the Lothians to encompass the economic churn that is going on there, I cannot do it because I have no money. I could put our

reserves in, but I cannot do that because I cannot generate a business case. I cannot get more money by teaching more in Scotland. To me, that is inexplicable.

It is perfectly rational to say, “We can afford to have this number of people across Scotland going into tertiary education”, but to fix that and keep it as a constant for years means that you are asking people such as me to be un-entrepreneurial with regard to developing the training that Scotland needs. That seems to represent a huge waste of effort or a waste of potential, given what universities could deliver. There is a lot to be said for saying, “Let’s look ahead at what training and skills Scotland needs”. That need not be done in a terribly granular way, but we know what economic shifts are happening and we know what prevents people, and particularly mature students, from taking up reskilling and upskilling—

George Adam: I am sorry to interrupt, but are you talking about the flexibility that James Miller spoke about? Might that involve having a conversation with the SFC and saying, “This is what happened in the past, but we think that we can do X, Y and Z in the future”?

Professor Rigby: Yes. It is not about trying to be competitive with other universities and removing places from them; it is about identifying the need and opportunity for skills development in an area. At the moment, that solution is not wanted from us. It is crazy that it is not, to be honest.

George Adam: Finally, I want to ask a question of Sir Peter. I will not ask you about your salary, because that has been done to death today. I was going to, but we have talked about that quite a bit.

I have been on this committee—people are fed up with hearing me saying this—on and off since I first entered the Parliament in 2011. During the independence referendum campaign, I kept getting told that, if we got independence, universities such as Edinburgh might lose a whole stack of investment in research, because you are one of the universities in the world that excel in research. The UK Government has cut one of your programmes: the £800 million supercomputer programme. What effect has that had on your university? I assume that that programme would have generated quite a bit of work for those in your establishment.

Professor Mathieson: It is great to get the opportunity to talk about research, because it has not come up much so far. One great contribution that universities such as Edinburgh make to Scotland and the wider world is our research, and it is one reason why we need cross-subsidy, because we do not get the full costs of doing our research from the funders. That is an intrinsic

problem for any university that wants to provide research. Research also generates jobs and new companies and attracts inward investment. There are all sorts of reasons for thinking that research is an important part of the ecosystem.

On the specifics of the supercomputer, I am in constant discussion with various parts of the Westminster Government about that particular piece of infrastructure. I make the point that it is a piece of UK infrastructure and it is not specifically for the University of Edinburgh. It just so happens that the University of Edinburgh has the expertise and facilities to host it. We host the current supercomputer; we have had the UK's national supercomputer for 25 years. We now need an upgrade to the next generation of supercomputer, and the UK is falling behind because it does not currently have one and other countries do. If we want to maintain our pre-eminence in computer science in general, including artificial intelligence, we need to have supercomputing capability.

I am still optimistic that the Westminster Government has heard that and is willing to understand that that is an important part of the infrastructure that it needs. A spending review is coming up soon and I am an optimist by nature, so I am hopeful of getting some good news, but I have been around this track a couple of times already. I had a written promise from the previous Government that an exascale supercomputer would be provided in Edinburgh, but when the general election happened and the new Government came in, it said that no money had been allocated to that promise, so it could not honour it. I have been around this track before, so I will not believe anything until I see it, but I am pretty confident that the Government recognises the importance of this bit of infrastructure, which is best hosted in Edinburgh but not just for Edinburgh.

I am more concerned about the adequate funding of research. It is a systemic problem that any university that wants to undertake research—and it is important for our reputation as well as for our contribution to economic growth and so on—is not adequately funded to do it. Therefore, another reason why we are so dependent on international students is the need to cross-subsidise our research.

George Adam: I am not getting into the politics of it, because it was used as a big stick to hit me with in 2014, but we still seem to be in a difficult situation with the UK Government.

Professor Mathieson: That is true across the UK. The underfunding of research is not a Scotland-specific problem. The underfunding of home students is more important in Scotland than it is in England but not the underfunding of research.

George Adam: Just so that I get my head around it, because I am not an Edinburgh MSP, currently you have the supercomputer and the infrastructure and everything else, but with the advances in technology and AI—we all use it now in various forms—being apparent, you need to go to the next generation. That is what you explained earlier, more or less, it seems to me. You have not heard this today much, Sir Peter, but I am quite happy to back you in your endeavours and support you in any way I can to ensure that that goes to Edinburgh.

Professor Mathieson: Thank you very much. Politicians and industry and other universities have given a lot of support. As I say, the UK needs this piece of infrastructure rather than the University of Edinburgh needs it. It is just that we are best placed to deliver it.

You asked about the impact of the supercomputer not being funded. One impact that we have made clear to the Westminster Government if it decides not to fund it—and I would like to be told rather than have constant delay, which has happened for the past nine or 10 months—is that we will lose staff who are suitably qualified to work on the supercomputer, because they will not stay with a redundant supercomputer. That will be another area of loss for Scotland if that happens.

The Convener: Professor Miller, because Mr Adam started speaking about some of the local area around the University of the West of Scotland, I note that this week or at the end of last week the “Complete University Guide” annual league table was published and the University of the West of Scotland Paisley was the lowest ranked of all the Scottish universities on that list. How do you respond to that and what will you do to try to improve your position for next year?

Professor Miller: The metrics that are used in some of the league tables do not suit modern universities generally. I have always had an aversion to chasing league tables. I discovered when I arrived at the UWS that we needed to get certain things right, which I described as getting some of the basics right. One issue, for example, was that we had seen a fall in our retention rates, particularly of students who were moving from level 7 into level 8, so we put a piece of work in place at that time and we have now seen that number begin to improve. Ultimately, that will feed its way into things such as the league tables. I want to make sure that within the university we get these things right and the league tables will follow.

The Convener: You had an overall score of 42 and a UK ranking of 128 and, as I say, you were lowest out of 15 Scottish universities, given that two are not part of it. Do you want us to accept that, because of the metrics that are used, you will

always perform poorly in this? Although you say that you are not chasing some of these metrics, this is a well-respected guide. You may not agree with everything that it does, but students who are looking for their places in the future will look at it and be concerned that the University of the West of Scotland is so low down the rankings not just for Scotland but for the UK.

Professor Miller: We do not see much in the way of evidence of students making decisions based on those rankings. They may for other universities, but they do not for us. Geography and locality has a huge influence on the students who come to us, including the articulation that I mentioned earlier. In a different league table, we would be the leading university in Scotland for social mobility because of the work that we do to remove the barriers for individuals to come to university through whichever mechanism.

The Convener: Thank you.

Joe FitzPatrick.

Joe FitzPatrick: My questions were covered, thanks.

Willie Rennie (North East Fife) (LD): As a graduate of the University of Paisley, I am proud of what the institution does. It has transformed since I left some years ago, but it does a tremendous job at giving opportunities to people from across Paisley and the west of Scotland. You are right about the metrics. They are not necessarily the way to measure success. We should look at added value in addition to those cruder attempts. I wanted to put that on the record.

Professor Rigby, I am particularly interested in your experience from down south and in the lessons that you learned from that for the reform of our funding model, because we have heard repeatedly this morning about issues with it. If we carry on as we are with no changes, how will the sector look in 10, 15 or 20 years' time in Scotland?

Professor Rigby: Those are two difficult questions. Coming back to Scotland after a period of working in the English system, I think the essential difference is that, in England, there is a recognition that universities are autonomous and they succeed or fail based on their own efforts. That has an enormous downside, because a university that begins to struggle will struggle more and more. A university that is unlucky and has RAAC all over its campus will be at a competitive disadvantage relative to one that does not. Seeing universities as autonomous businesses is a poor model in all sorts of ways.

The other piece of the problem in England is that the oldest person paying full student fees back is only in their early 30s. We have no idea what the effect on the economy will be yet of

significant depression of wages of graduates over 40 years of their careers. I suspect that that will be severe.

Coming back to Scotland, I do not think that anyone can decide whether we are truly agents of our own success or failure and we just need to be left alone to do it, which would mean releasing, for example, caps on recruitment, or whether we are servants of the population and therefore should receive support to serve that population. Either model can work and a hybrid could work, but we need to step back and think about what is the ideal model for the provision of education to this nation and then move from there to how to deliver it. Any quick "Can I have more money, please?" approach is a fake request if it is not grounded in that. In a sense, if a university falls over here and is put back up, everyone has to support that action, but you cannot help in the back of your mind think that a stitch in time saves nine and we could look at maintaining the health of the universities that we already have that are relatively healthy to help them move on.

What the Scottish sector will look like in 10 or 15 years depends on the answer to that question but, if the status quo remains, there will be fewer entities. There cannot but be fewer entities because the Government cannot bail out every one that fails. Most of the ones that succeed will be primarily teaching internationally. They will be teaching in other countries or they will be teaching international students. They will be renting space in Scotland to teach the students who bring in the money to keep their staff employed.

Willie Rennie: Professor Mathieson, you said earlier that you are optimistic. I heard you at the RSE conference last week speaking well about the clarity that is required. What is your view about what will happen in the next 15 to 20 years if we do not take action now?

11:45

Professor Mathieson: I foresee that most of Scotland's universities will survive—I cannot say that all of them will—because universities are extraordinarily good at adapting to circumstances. That is one reason why universities have been around for centuries. The University of Bologna is 1,000 years old and Oxford is 900 years old. In Scotland, the University of St Andrews is well over 600 and the University of Edinburgh is a mere child at 442.

The reason why universities are able to survive over long periods has two underpinning facts. One is that we are societally important. Societies have decided that we are places that societies want to support and politicians of all types all over the world have decided they are a part of their system

that they want to maintain. That is particularly true in Scotland. As I have said before, Scotland should be proud of its universities and Scotland is proud of its universities. Having worked in Asia for a while, I can tell you that other people far away from here have great respect for Scottish universities. That is the priority.

Universities will adapt and change. The only flexibility, as we have talked about constantly this morning, for us at the moment is on international students. We have no flexibility on home students—Scotland-domiciled students. We have limited flexibility on rest-of-UK students because of the student loan system. The only flexibility that we have is on international students, which is why everybody looks to that market to see whether it can solve their problem. We have done that quite effectively. If that market becomes less reliable, which we are seeing signs of, our ability to depend on it will be reduced.

Universities will find other ways. They will change. They will stop providing all the things that they currently provide. Perish the thought—they might even reduce the amount of research that they do, because that is another source of financial need. That would be a disaster for Scotland, because one great strength of Scottish universities is our ability to do world-leading research—there are lots of examples—creating knowledge but also jobs and wealth. The effectiveness of the sector will reduce, but institutions will largely adapt and survive.

However, whether Scotland gets the best out of its universities under those circumstances is a question for political leaders to make some choices about. This is a question of political priorities. We think that the universities and the colleges in Scotland should be a major political priority. The evidence in the past seven and a half years that I have been here is that that has not been the case.

Willie Rennie: I happen to agree with you. I have been banging this drum for some time to try to get attention, despite our heritage on this issue. It is important. Claire McPherson, what do you think? Are you optimistic from your early discussions with various political players about whether we can get that new funding model? What is your view of where we are with those discussions?

Claire McPherson: I am optimistic, but also it is imperative that we do so. The descriptions from the panel of what happens if we do not are significant. This is an enabling sector. If you care about the future or about climate change, if you care about the NHS or about public services, or if you want to transform the economy, none of that is possible without the higher education sector in Scotland, because we are so crucial as delivery

partners from a workforce perspective, from a research perspective and from an economic growth perspective for place making. It is not a question of whether this will happen. It has to happen.

I am optimistic that there is a growing recognition that there is a problem to be solved. That sounds minor, but if we were having this conversation even 12 months ago, there would not have been a recognition in the Parliament, or indeed in the Government, that there is a problem to be solved. We are now there and that is a huge step forward. The question for us now is what happens next. We are, as you have heard from the panel this morning, absolutely keen to frame that discussion not around what model we will replace the current model with but around what future needs Scotland has, what we want to hold on to, what we assume will exist in the future and what we think needs to change. We want to be part of that conversation.

Willie Rennie: I am intrigued by the way that you have framed it to me. The cohort of students that we will get in future years will be quite dramatically different. Professor Rigby talked about having more part-time, older students, as did Professor Miller. It is all changing, so the current model does not fit the new make-up of the student body. Do you want to explain a little bit more about what that is?

Claire McPherson: There are a number of drivers for change. We have talked a lot this morning about financial sustainability. To sustain the sector, we need to see the quantum of investment in each Scottish student go up. However, even if that level was sufficient, we would still be having a conversation about change, given the demographic shifts that are happening. We know that the number of school leavers will fall quite significantly from 2030 onwards. The profile of a higher education student, a person who wants to access university education, will change and our funding model is not particularly flexible or adaptive. Professor Rigby has given the great example of nursing.

We need something to change. Even if the quantum is right, we need to think about models of delivery and how we can incentivise and support the sector to be responsive to national needs—we have talked a lot about medicine and some of the controlled subjects—and also locally responsive to employers' needs and responsive to what students want from their educational journey. Mature learners and part-time learners are absolutely part of the future, but they are not adequately supported under the current system, and that is a big problem for Scotland.

Willie Rennie: I was concerned about the change between the last research excellence

framework and the latest one. The Scottish share of UK Research Council funding has reduced from about 15 per cent to about 12.5 per cent. Professor Mathieson, why has that happened?

Professor Mathieson: The REF is a specific snapshot in time. I support the REF. It has been good for the sector and we could do more to make it more effective at telling our story. The sector is not particularly good at explaining why research is important. People often think that research will not benefit them or will benefit somebody only 20 or 25 years down the track. We can do work on how we use the REF.

The change that you referred to reflects greater competition from other providers. It is a competitive exercise in which people compare themselves with others. There has been a substantial investment in research in other parts of the world, and one of the major comparators is international competitiveness. For example, China is investing billions in its universities as it tries to improve its international reputation and impact, and we have to compete against that. The competition has got stronger.

I worry—this was probably not responsible for the change in that period, but it might be responsible for change in the future, depending on what happens here—that people will start saying that they cannot afford to do research and will then have to prioritise the things that they can afford to do. That would be bad news for the UK, bad news for Scotland and, in my opinion, bad news for the world, because the UK makes a major contribution to research outputs across the world.

We are still highly competitive despite Brexit, which took us out of some of the EU funding schemes for six years. Despite that, we remain very much in demand. European universities are constantly beating down the door—certainly at the University of Edinburgh, and I am sure it is the same at other universities—saying that they want to work with us. We are seen in the sector as being highly impactful, but it is fragile because of the cross-funding issue.

Willie Rennie: Professor Miller, would you like to contribute? What do you think about where the university sector will go in the next period and about all the other issues that we have discussed?

Professor Miller: You have heard from the panel that, in the longer term, we need to look at the issue from a different angle. What skills do we need? What do Scotland and its sectors need? What is the best way to deliver that from a tertiary perspective, through colleges and universities? What models will sustainably fund that for the future? We need to look at it from a slightly different angle.

In the short term, however, some disincentives could be removed, which would make an impact. We have talked about clawback, but let me give you another example of how graduate apprenticeships work. A set of frameworks exists, but they are quite limited in terms of where graduate apprenticeships can work and they do not necessarily, in all instances, deliver the skills that are required. Some—not many—are within the health service, but quite a few workforce issues could be resolved using the graduate apprenticeship model.

In my discussions with a number of local authorities, they told me that they had real problems with recruitment and retention in two particular areas—one was town planning and the other was social work. Let us leave social work to one side for the moment, because a mechanism is now in place for dealing with that. We responded to those discussions by developing what we are now having to call a workplace learning degree as opposed to a graduate apprenticeship, because there is no framework for it—and, because there is no framework, we cannot claim the £1,820 from the Student Awards Agency Scotland for the fee.

As Professor Rigby mentioned, it takes time to set up a programme, and it took us a while to get that programme up and running, but we now have, from January of this year, the first cohort of 20 employees from local authorities training for a town planning qualification. Responding to the needs of an employer while having to work around the mechanisms, rather than having a mechanism that makes that work, is a bit of a frustration.

We need to look at things in the longer term. Things can be done in the short term. Then there are medium-term fixes as well. We must start from what Scotland needs from its tertiary education sector, decide how it will be delivered and then decide how we will sustainably fund that.

Willie Rennie: I thank you specifically for answering all the questions politely and clearly. Thank you very much.

Pam Duncan-Glancy: I will start in a similar vein to how my colleague Willie Rennie finished, which is to say two things. First, it is fair to say that students and staff at many institutions across Scotland are worried and are having what they think and believe is—and what objectively looks like—a pretty hard time, if I am honest. Many of you have acknowledged that. Secondly, I would like to acknowledge the fact that our universities are some of the most leading and well-respected institutions in the world. I genuinely appreciate the work that you and your staff teams across Scotland do for the country and for students attending them.

I will start with a question for Professor Mathieson, which goes back to some of the points that we heard earlier around the particular situation and your circumstances at the University of Edinburgh. We have done a lot of work on this, so I want to get something clear on the record. Trade unions have told us that they did not feel that many alternatives were explored or that, if alternatives were explored, they did not understand what they were, partly because they felt that they did not have the information they needed and partly because they were not sure that they had been explored at all.

Could you set out for us what alternatives specifically were explored before reaching the conclusion that you have drawn, which is that you have to reduce the staff?

Professor Mathieson: Thanks very much for your initial remarks. They are much appreciated, certainly by me and, I am sure, by my colleagues.

We have regular dialogue with the joint trade unions and, as you know, UCU represents all of our staff, whether or not they are members of UCU. My human resources colleagues and, often, the leadership of the university, including me, have statutory engagement with UCU as the representative of all staff, as well as with the joint trade unions as a group—UCU is mostly for academic staff. That process of engagement continues, and we believe that we have been open, honest and transparent in those discussions.

We have also shared information more broadly with our senate and through a number of all-staff communications. Some of that is email, some of it is town hall meetings, and some of it is question-and-answer sessions where people can ask whatever they want. We believe that there has been a process of transparency and engagement. In reality, people do not like the information that they see because it is unwelcome and threatening, and they are worrying. We recognise all of that, but we also have a job to do in our responsible leadership of the university.

We have calculated what we think the future income streams will deliver. We do that constantly, but it has become particularly challenging in the past two or three years, for all the reasons that we have rehearsed. As part of that, we have considered the options for the university. We could, for example, decide to close a school or a subject area that is not profitable if we are driven by money alone, but we have consciously taken the decision not to do that. We want to remain a comprehensive university, and we do not think radical changes in the subjects that we offer are either necessary or desirable. We have considered all these things, and we have had lots of discussions about them.

We have contemplated what we can do with our estate. Again, those questions have been asked by other people. We know that we need to reduce the size of our estate, and we know that we need to make it sustainable from a climate perspective. Lots of work has been going on for many years, since before I arrived and certainly since I arrived, that has nothing to do with the current financial consequences. This is responsible leadership. This is what we are trying to do.

12:00

The current imperative is that, if we do not want be the next University of Dundee and go into deficit, precipitating a crisis whereby we have to make radical and urgent decisions about how many people we employ, what subjects we offer and how we will be sustainable for the future, it is responsible leadership not to allow ourselves to get into that situation. We see from the projections—all financial planning is based on projections and scenarios—that, if we were to do nothing, we would end up in deficit, unable to invest in our future, unable to seize opportunities when they come along and unable to invest in the needs of our students and staff.

We have made massive investments in the seven and a half years that I have been here, particularly in student experience but also in staff experience. We are paying our staff better, we have revised our grade scales, we have no zero-hours contracts, and we have improved maternity and paternity leave. We have done a number of things to try to make ourselves a better employer. All of those things have a price tag and they have to be affordable. To make sure that the university is sustainable for the future, we believe that we need to take some of the costs out of our current operations.

An alternative would be to take some more international students. We know we have the applicants and could do that, but where would they live? Where would they study? What would that do to our staff workloads? What would it do to the city?

We have a broader responsibility not to grow for growth's sake. Since the day I arrived, I have made it a central part of the strategy that the University of Edinburgh will not grow for growth's sake. We think that we are pretty big already, and there has been some growth. Some of it was in relation to the pandemic, when we took more students than we had planned. Some of it has been incremental growth because we offer programmes that are popular, so we get a good number of applications for them. There has been a bit of growth, but it has not been growth driven by a financial imperative.

The answer is that we have considered lots of alternatives and we have come to a plan. If we are going to reduce our expenditure, given that 58 per cent of our expenditure is on staff, it is inescapable that some of the reductions that we will have to make will be in staffing. Otherwise, we are looking at only 42 per cent of our expenditure, much of which is fixed for us—for example, on research, which is basically money in and money out.

Pam Duncan-Glancy: I understand that. You have spoken about responsible leadership and responsibilities. You will know that staff, too, have responsibilities, not only to their subject but also to the students and in respect of their own personal circumstances—their home and their life. They are finding it difficult, particularly when, as they have told us, they are not privy to the information that you say that you have given them. The committee is navigating two sets of truths, I suppose, or two sets of circumstances that we are trying to understand.

As a way forward, would you consider meeting the joint unions on the back of today's session to talk in more detail with them about the specific operating alternatives that you looked at in order to show that you have left no stone unturned—as Ross Greer said—and have wrung as much out of every other area that you considered? People understand the issues of liquidity and the things that are fixed or not fixed. However, would you commit to meeting them again and to having that open dialogue? If different decisions can be come to, that would be great; if the same decisions are come to, at least people will feel that they have been included, have been part of the discussion and that your legal obligations as an employer have been carried out.

Professor Mathieson: As I have already said, we meet the joint unions on a regular schedule and we respond to requests for information. We have a finance SharePoint that is available to all members of the university, which has all the data, information and all the planning—everything that we are able to share is on there. It is complex and it sometimes requires explanation. Some people are accomplished at looking at spreadsheets and projections but some people need more time to understand it and have it explained. We try to provide those opportunities.

I absolutely commit to those conversations continuing. Sometimes they involve me and sometimes they involve other members of the senior team. The joint trade unions and the leadership of the university have regular dialogue and also, importantly, there is dialogue with the wider staff. We recognise the role of the unions in representing the staff, but there are also some people who would rather hear the information directly. We have an on-going programme of

engagement. Unfortunately, we cannot make the news welcome; we cannot sugar-coat the situation.

Pam Duncan-Glancy: I appreciate that, Professor Mathieson, and people are not looking for it to be sugar-coated. I believe that they genuinely want to see what the situation is, without the sugar-coating, but they also want you to hear what they have to say without their sugar-coating it. Having that open dialogue, on the back of some of the discussions today, could go a long way to trying to come to the joint solution that your students, your staff, your leadership and you want to see, which would mean that the University of Edinburgh could continue to do the great work that it is doing for the region and for Scotland.

Professor Mathieson: Absolutely. That is very much my intent and my team's intent. I agree that that is what people in the university want. Everyone recognises what a powerful institution the university is and many people want to be part of it; we are grateful for that. I absolutely agree that we can have those opportunities.

There was a meeting that I was not present at, which was with the joint trade unions just last week. I have heard from various colleagues and from the unions themselves that they considered that to be a helpful meeting. It was a long meeting. They had the opportunity to dissect bits of information and they felt that they had information that they had not understood before—maybe they had seen the numbers but not had them explained properly. It is an on-going process.

What we have not seen, either from the senate or from the joint trade unions, are any concrete proposals as to what they would do differently. How would they address the system? We have invited people to make suggestions and we are willing to listen to any ideas or suggestions for any stone that we might not have upturned. We think that we have upturned all the stones and that the proposals are deliverable and in the best interests of the institution. However, we understand that it makes people uncomfortable and worried about their own livelihoods. We fully accept that, which is why we want to do things transparently and as quickly as we can.

Pam Duncan-Glancy: Thank you; I appreciate that.

Professor Miller, one representation that has been made to me on the circumstances in your university is that some of the potential job losses disproportionately impact on the social sciences division. It has been put to me that many widening access students, mature students and first-generation students attend that particular area. What is your response to that concern?

Professor Miller: The system that we put in place had three workstreams. One workstream addressed the academic portfolio and considered a large number of metrics, including student demand. We mapped where we had seen changes in student demand. There were three broad categories: where there continued to be significant demand at significant scale; where there was still a significant scale but demand was falling; and where the scale was low and the demand was low.

As I mentioned earlier, we were clear that we needed to target where we had seen the largest drop in student numbers. We have four schools and across the schools the numbers varied quite significantly. Where we have identified the changes that are required, those changes are proportionate to the reduction that we have seen in student numbers and on-going student demand. It is not a straightforward reduction here or there across the whole institution; it is proportionate to where we have seen a reduction in the number of students and the likelihood of future demand.

Across the whole institution there will be students who are first in family—45 per cent of our students are still the first in family to come to university. Of our students, 60 per cent are female and 65 per cent are mature students. They are spread across all aspects and all programmes. Where we have identified the changes that are required, that is based on a number of metrics, one of which is the student demand and the student numbers.

Pam Duncan-Glancy: Have you done any impact assessment of the decision?

Professor Miller: Yes. The final business case is now published in the same way that Professor Mathieson mentioned. We have a SharePoint site where anybody can access the information. There is an equality impact assessment on the full business case and it is on that site.

Like Professor Mathieson, we are engaging with our trade union colleagues on this. Not only that, but I started the process with confidential briefings well before Christmas so that they would understand what was coming down the line. We did not know at that point the size of the issue that we might be facing. Of course some things in the year, like the rise in national insurance contributions, threw our plans awry, which meant we had to go back and look at them again.

We started engagement with our recognised and non-recognised trade unions early. They were involved in the process that we put in place. Unfortunately, they decided that they could not continue to be part of that and withdrew. On Monday of this week, I met with the combined recognised trade unions and we are now,

hopefully, getting back on track. We have had a bit of a rocky path but, hopefully, we are back to a more stable position.

Over and above that, I have a hybrid all-staff meeting every month. Every member of staff is invited to come along to that. We do it on different days, at different times and on different campuses to ensure that we get a spread of staff. This has been a constant topic throughout. I meet every school division and every professional services and support services department at least once a year so that they have the opportunity to ask me any questions directly. We also have a mechanism of the core brief, which enables a dissemination of information. We are communicating directly with staff representatives and we also have an employee forum and a number of other communication schemes. Again, I expect that you would see virtually every university, not just across Scotland but in the UK, using such mechanisms to ensure that we are as open and as transparent as we can be.

Pam Duncan-Glancy: Thank you. Briefly, if staff or trade unions and their representatives have any questions or concerns about the impact assessment, would you be prepared to discuss it with them?

Professor Miller: There is an open invitation to do that. We need to move beyond the fact that we have put an impact assessment together—of course we have done that. However, once we get into the granular level of detail around where the jobs might fall, we need to look at that again as well. That is why we will approach it through the consultation process that I mentioned earlier. There will be multiple opportunities to do that.

Pam Duncan-Glancy: Revisiting issues when more is known is welcome.

My final question is for Claire McPherson and Professor Rigby. I am struck by the evidence that you submitted from Universities Scotland that spoke about the biggest issue being the underfunding of the sector and the levelling down of public funding. From what Professor Rigby said, the operating environment for universities is almost the worst of both worlds. Given all the things that universities are being asked to do now through the SFC and its allocations, widening access to protect Scottish-domiciled students' experience and to enhance research, are they being asked to do the impossible with the resources and the model that they have?

Claire McPherson: I will start and perhaps Professor Rigby can come in. We have heard over the course of the morning about the reality of the situation that the sector is facing. Quite rightly, there have been lots of questions about decisions that have been made at an institutional level that

impact on jobs and on provision, but that is the direct consequence of the structural underfunding issue that we have evidenced. There is a huge desire to continue to deliver on agendas such as widening access, making economic contributions and supporting the public service workforce. They are not burdens on the sector because institutions actively want to do those things but, against a backdrop of an extremely challenging financial trajectory and particularly the level of public funding over the past decade, those things are harder to do and the money that we have available to do them is reducing. That means that some of the more difficult choices that we have heard about this morning have to be made.

No one wants to be in a position where they are reducing staff numbers, closing provision and thinking about taking a step back from some of the ambitions that we have for the contribution that the sector wants to make, but that is the natural consequence of the long-term downward turn in public funding. It is not a position that anyone wants to be in, but it is the position that we are in.

12:15

Professor Rigby: Is my job impossible? Probably.

There are clear ambitions for higher education in Scotland and they are enumerated in many ways through the recording mechanisms of the Scottish Funding Council. Of course, as Claire McPherson said, we want to extend widening participation as far as it can go and it is right that we should be called to account on that. A whole load of other things fall into that category. However, in any system over time there tends to be an accrual of need and an accrual of reporting mechanisms. It is right that we now rethink and reset; we should regard a failure to meet some of those metrics not as a careless act on the part of a university but as resulting from the fact that we are unable to service all the elements of our mission to the extent that we would wish because we are so preoccupied with trying to keep the financial show on the road.

I know that the committee is concerned about financial sustainability but if you were an alien and you looked at the university through that lens, you would think that all it does is spend money and not bring in enough income. But what about the huge benefits that we bring? Our senior team may not be able to put enough effort into that because we are putting so much effort into cheeseparating bits of money to keep our staff on board. Two things could help with that. One is to have a look almost from ground zero at what reporting we do—and care about—and what that should deliver in respect of reassurance that money is being well spent in the Scottish sector. Secondly, we need a

real sense that universities should be engaging with positive change and not just trying to retain a status quo that is flowing away from us.

The Convener: Professor Mathieson, I come back to you on the senate vote of no confidence in you and the executive. To your knowledge, has that happened before? Is this the first time that such a decision has been taken?

Professor Mathieson: Certainly in my time at the University of Edinburgh, it is the first time that it has happened. There have been similar votes in other universities across the UK. At the moment, it is happening quite a lot. It is a serious expression of opinion and we recognise that. We engage with our senate in the same way in which we have tried to be transparent with all the staff. We have directed information to the senate. We had a special meeting with the senate to try to make sure that the senate had the opportunity to ask questions. A group of senate members put together a paper assessing what they thought was the impact of the steps that we have already taken. That paper did not contain any suggestions about alternative approaches. It contained a lot of expressions of concern and we recognise that. However, the senate is a large group of highly intelligent people, highly committed to the university, and we have invited them to engage with us and to think about other ways of addressing the situation, and that offer remains open. There is an on-going process of discussion with the senate.

On the impact of the vote, it has already been reported to the executive. It was a vote of confidence—or lack of it—in the executive, which is the larger group that I chair. That group is meeting this week but there is quite a bit of cross-over in the membership so it did not come as news. It has also been reported to the court and the governing body, and there will be an opportunity for both the executive and court to discuss the vote and what we should do differently as a way of responding to that vote. That is an on-going process.

The Convener: Do you think that you should do something differently, given that such a vote is unprecedented in your time as principal? Our understanding from the submission that you have seen is that on 26 March the senate expressed deep concern about the impact of the proposed cut of £140 million over 18 months and that subsequently, the no confidence vote was taken because the senate's concerns had not been addressed by the university executive. It was not a knee-jerk reaction. There were almost two months from one meeting to another in which there was an opportunity for you to address the concerns of the senate. Clearly, the senate believed that nothing had been done because it went ahead with the

vote and stated that it had no confidence in you and the executive.

Professor Mathieson: Yes, you are right on those dates. It is not correct to say that nothing was done. We convened a special meeting of the senate in that period to try to give the members an opportunity to ask us questions and have them answered. That meeting was very constructive and everybody felt that it was a useful exercise.

The Convener: But even after that they still passed a vote of no confidence.

Professor Mathieson: Yes, they did.

The Convener: The question is, what does that vote of no confidence—significant and unprecedented in your time as principal—achieve? To you as the principal, and to the court and the executive, what will that vote of no confidence mean?

Professor Mathieson: The senate is regarded as the supreme academic body of the university. It is made up of academic staff and a very large number of students as well. The vote shows us that the majority of that group—the vote was about two thirds to one third—believe that the approach that the university executive is taking to address our financial situation is not the one that they would choose. We have invited them to tell us what they would do. I think that there is an acceptance at the senate and by the joint trade unions and the university as a whole, as well as by the SFC, politicians, the media and everyone, that there is a problem that we need to address. What people do not like is the scale and pace of the change. We have tried very hard to justify both of those things and we will continue to do so.

The Convener: In response to Miles Briggs, you said that the pace of the change, in your view, was right to stop people being worried, but do you understand that there is also concern that the pace you are going at also prevents other ideas from coming forward? You are not allowing time for these other ideas to be developed and put to you for consideration and potential adoption—or, as Mr Greer put it, to look at other stones that might be unturned at the moment.

Professor Mathieson: For months now, we have had—and we still have—an opportunity for people to come forward with suggestions. There is an area of the SharePoint—and this brings me back to what James Miller was saying about UWS—where people have an opportunity to ask questions if they feel that they lack some information or if there is something else that they need to know. Indeed, if they have suggestions for alternative proposals, they can come forward with them.

We have not seen those things—we have not had any alternative proposals put to us. People will say things like, “Just recruit more international students”; indeed, I have heard that very suggestion, and I have explained why we do not think that it is the right answer. They will say, “Sell your buildings” or “Stop building new buildings”, and again I have explained why we do not think that that is the answer, either.

There are suggestions for how else we can address the university’s finances, but they do not address the underlying problem, which is that the university, on current projections, is living beyond its means. As responsible leaders—that is, the ones who currently bear the responsibility of being the principal, the senior team and the executive—we have a plan to address that, and it has been agreed and discussed with our court, as we have said, and with the Scottish Funding Council, too. That is the proposal, unless someone comes up with a better idea.

The Convener: What detailed economic modelling have you done on the impact of these cuts on the city of Edinburgh? You cannot put a number on the number of job losses, so we have had to use the predictions that have been made, and we could be talking about one in 15 people employed here in Edinburgh. Moreover, what economic assessment have you made of the university’s future income as far as your proposals are concerned?

Professor Mathieson: We have done impact assessments on aspects of equality and diversity—

The Convener: I understand that you have done impact assessments; after all, you have to do them. What about economic assessments? Are they available?

Professor Mathieson: If you will allow me to finish, I will answer that.

The Convener: Please.

Professor Mathieson: The economic impact of the changes is absolutely part of our consideration. We, too, have done the exercise that James Miller referred to of looking at where there is demand and where there is not; a lot of our ability to recruit numbers of students to make courses sustainable depends on student demand, so we have a lot of analysis of demand and trends over the years.

Edinburgh offers a massive choice and huge numbers of courses, and we have identified hundreds of courses for which there is almost no demand. Therefore, it does not make sense to continue to provide them. For most, there is an alternative and any student who is currently on any of these programmes will have their course

taught and honoured. No current student will be displaced. However, there are some programmes that we will close to new entrants, because they are not viable—there is just not enough demand. We are doing exactly the same kind of analysis.

As for the impact on the city, we are, as you have said, a big employer, and we recognise that many local MSPs will have constituents in the staff or student body. As you have also mentioned, we have seen growth in staff numbers, and we have created lots of jobs over the past few years. The university has grown massively compared with what it was 20 or 25 years ago; it is much bigger now than it was then. A lot of employment has been created.

However, because that speed of growth is not affordable, a reset is required. Some people will be looking for jobs elsewhere in or outside the sector, and we recognise the reality of that. We want to be clear and transparent about why, and we want to be a good employer to the people whom we continue to employ.

So, yes, there is the likelihood of some job losses. Again, we are, like others, hoping that we do not have to resort to compulsory redundancies; it is absolutely part of our policies that such a move is the last resort. We try to do everything by voluntary means, if we can, and people will either move out of the sector, decide to stop work or make whatever other decisions. That will have an impact, but we also recognise that, when it comes to the longer term, the University of Edinburgh is an important part of the city, and it has to be sustainable. It has to be here for the next 442 years. If we are careless with the finances, we run the risk of that not being the case.

The Convener: Do you genuinely believe that you can make £90 million of savings from staff alone without compulsory redundancies?

Professor Mathieson: I do not know—I hope so. We will do the same kind of exercise that James Miller described. We will—

The Convener: I am sorry, but the scale of what Professor Miller is doing and the scale of what you are doing are different. I think that he is looking at 65 or 75 jobs; we do not know how many jobs you are looking at. However, you must accept that, to get to £90 million, it will be difficult—if not impossible—to rely solely on voluntary redundancies, if your first tranche has got you just 350.

Professor Mathieson: That is precisely the reason why we have not felt able to rule out compulsory redundancies. We just do not know; voluntary redundancies, or voluntary severance, depend on people's willingness to come forward. We provided a package; we extended the deadline; we had a large number of applications

and we have accepted most of them. That exercise has yielded a reduction in staff numbers through voluntary means.

We can certainly do that again, but we would likely do so in a more targeted way for exactly the reasons that you have heard. We need to identify where we do and do not need staff and where we can manage with fewer staff without damaging the university's mission, and then we will have targeted discussions with a group of staff to see how we will achieve the changes that we need to achieve. That can include voluntary packages; if that approach fails, we might in the end have to resort to compulsory redundancies. However, it is not absolutely a matter of policy that we will inevitably have compulsory redundancies; the policy is that we will try to avoid them if we can.

The Convener: On the economic modelling, you accept that there will be impacts on the city and on the university. Will that economic modelling on the impact of your proposals be published, provided very publicly and open for people to scrutinise?

Professor Mathieson: All the modelling of the university's finances and the changes we are seeking to make is part of the SharePoint that I have referred to. It is available.

The Convener: Can I just check that you will provide that economic modelling for the committee to look at?

Professor Mathieson: I would have to check with my colleagues as to what, exactly, we have in a form that could be shared with the committee, but I will certainly explore that question with them.

The Convener: But you accept that you have done the economic modelling on the impact of your decisions and your proposals.

Professor Mathieson: We have done an analysis of risks and benefits, and, yes, those include economic risks and benefits. I do not know whether we have done any very sophisticated modelling on the impact on the city. It is a reasonable point, which I can certainly discuss with my colleagues, and I am certainly happy to share anything that we are able to share with the committee.

The Convener: There are a number of things that we would be grateful to get.

Do you think that you would benefit from further parliamentary scrutiny of your plans?

Professor Mathieson: Would I benefit, or would the university benefit?

The Convener: Both, perhaps.

Professor Mathieson: We are a publicly-funded organisation. We accept that there is a

public interest in our priorities and decisions, but there is already a lot of scrutiny through the Scottish Funding Council and various other mechanisms. I do not think that we lack scrutiny but, obviously, if Parliament seeks to ask us questions, we will do our best to answer them.

The Convener: I ask this only because you introduced it—what about you personally? Would you benefit from that?

Professor Mathieson: Benefit from further scrutiny?

The Convener: Yes.

Professor Mathieson: Well, I have come here this morning to try to answer your questions.

The Convener: And do you think that it will be helpful for you to go away and consider some of the points Ms Duncan-Glancy and others have raised with you?

Professor Mathieson: I am always willing to listen to constructive comment and advice, yes.

The Convener: Finally, I think that you said that you have been in post for seven and a half years. You are bringing forward very unpopular proposals. Are you the right person to take the University of Edinburgh forward into the future? Are you committed to the future, and to continuing as principal for some years to come?

Professor Mathieson: My term of office, when I was appointed, was five years, then the university appointed me to a second five-year term, so I have two and a half years left. Obviously, what happens after that is a matter for further discussions with the court.

I consider that I am able to do what needs doing, I am willing to do it and I have a team of people around me who are capable of delivering what I believe to be in the best interests of the university. Certainly for the foreseeable future, I do not see that changing.

The Convener: I thank all of you for your time and your answers today. There are a number of points that you said that you would come back to us on. The only one whom I have not noted down is Professor Rigby, so you will be the only one with no further work to do as a result of this session. We will be keen to hear from the rest of you as quickly as possible on a number of the points that were raised.

I will continue with the committee's own deliberations, which relate to a couple of Scottish statutory instruments, but you are all free to go. Thank you very much.

Subordinate Legislation

Scotland Act 1998 (Agency Arrangements) (Specification) (Recognition of Qualifications) Order 2025 (SI 2025/555)

12:29

The Convener: The next item on our agenda is consideration of four items of subordinate legislation, the first of which is being considered under the negative procedure. Do members have any comments to make?

John Mason: Yes, I have a comment. I do not disagree with what is happening in this SSI, but I think that there is an issue with overseas qualifications being recognised. It is something that has come up with some of the people who have come from Ukraine, in particular, but it has come up with people from other countries, too. Some who appear to have very good qualifications in their own countries are finding it very difficult to be accepted here or to improve their qualifications or get them recognised. My comment is just that we, or somebody else, should be looking at the issue in the future, but I do not object to the SSI.

The Convener: With that comment, does the committee agree that it does not wish to make any recommendations on this instrument?

Members indicated agreement.

12:30

Education (Appeal Committee Procedures) (Scotland) Amendment Regulations 2025 (SSI 2025/144)

The Convener: We move on to the second instrument, which is being considered under the negative procedure. When it considered the instrument at its meeting yesterday, the Delegated Powers and Law Reform Committee recommended some drafting changes.

Apart from that, if members have no comments, does the committee agree that it does not wish to make any recommendations on this instrument?

Members indicated agreement.

St Mary's Music School (Aided Places) (Scotland) Amendment Regulations 2025 (SSI 2025/151)

The Convener: The third instrument is being considered under the negative procedure. If members have no comments, does the committee agree that it does not wish to make any recommendations on the instrument?

Members *indicated agreement.*

**Teachers' Pension Scheme (Scotland)
Amendment Regulations 2025 (SSI
2025/152)**

The Convener: The final instrument is also being considered under the negative procedure. As with the second instrument, this SSI was considered yesterday by the DPLR Committee, which again made some drafting recommendations. If members have no comments, does the committee agree that it does not wish to make any recommendations on the instrument?

Members *indicated agreement.*

The Convener: That concludes the public part of our proceedings. The committee will now move into private session to consider the final items on its agenda.

12:31

Meeting continued in private until 13:08.

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