

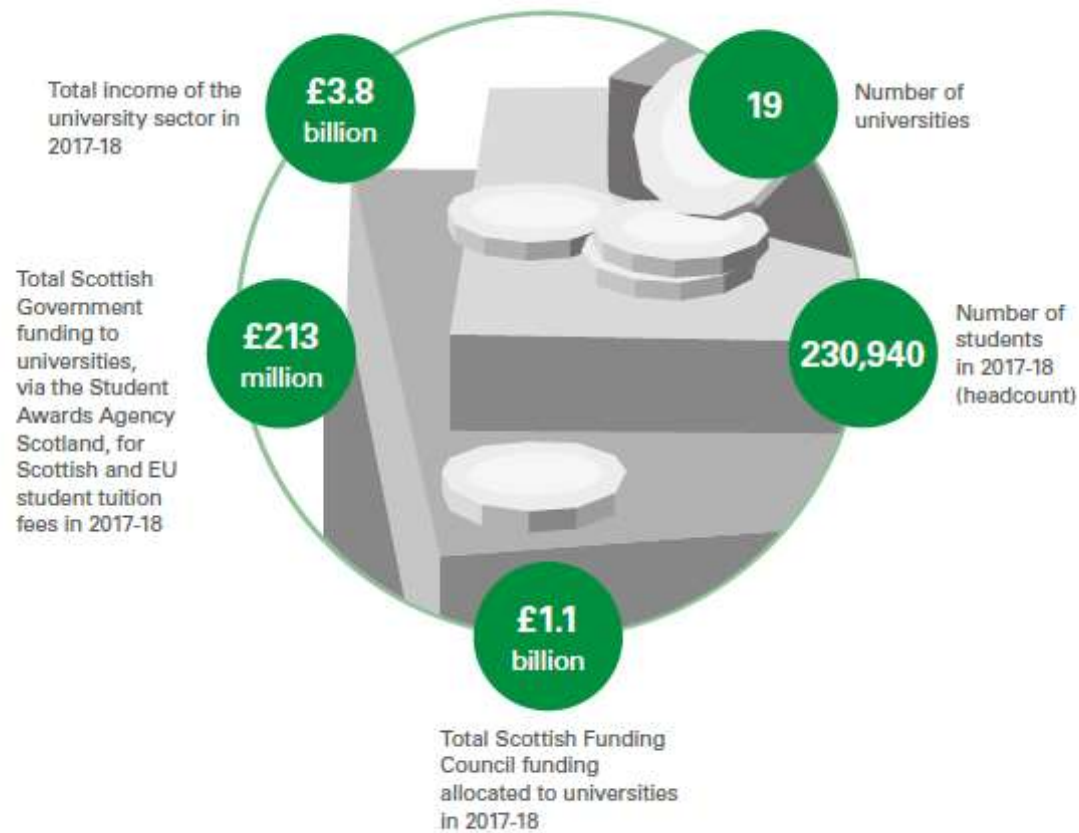
Finances of Scottish universities

Mark MacPherson, October 2019

 AUDIT SCOTLAND

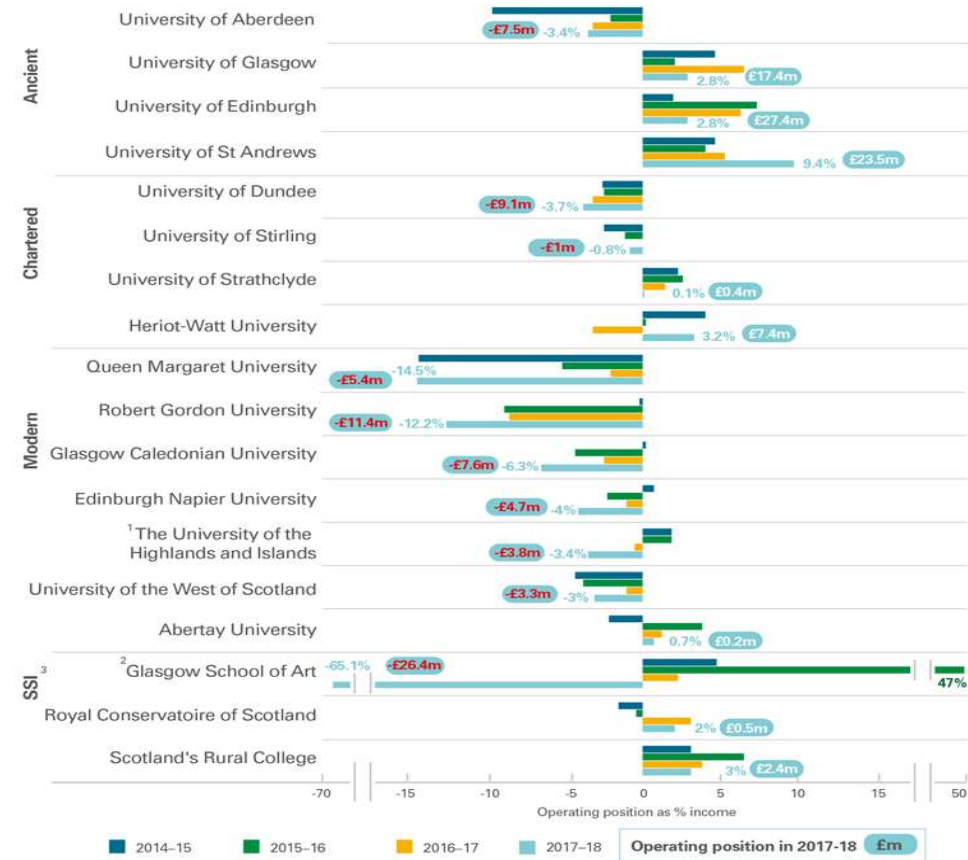
-
- Universities make an important contribution to the economy and to society
 - The sector in Scotland is very diverse:
 - ancients, moderns, chartered and SSIs
 - research-intensive or teaching-intensive
 - Universities are independent, autonomous, commercial entities
 - Auditor General for Scotland does not perform/commission the annual audit

Context (2)

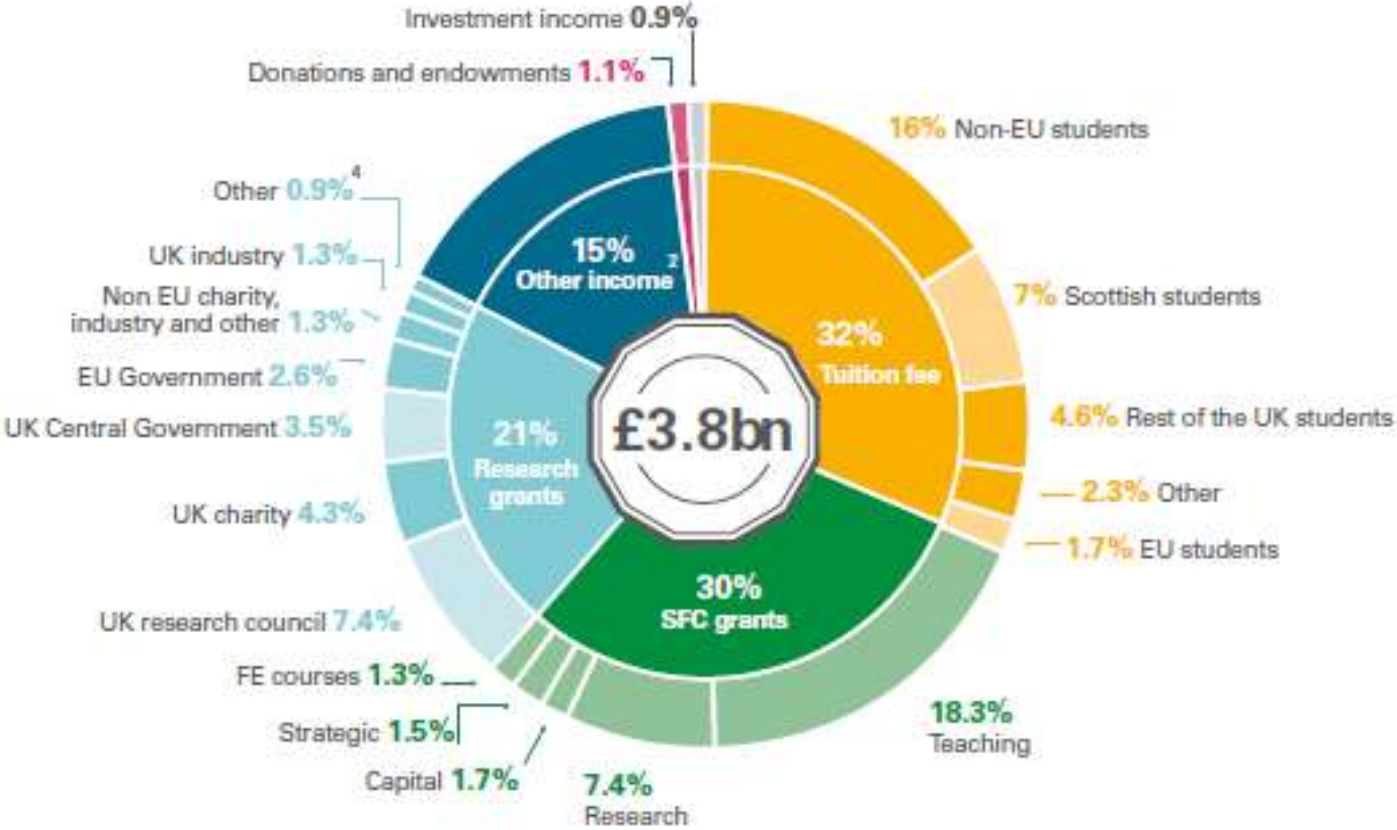


Financial position

Operating position as a percentage of income by university, 2014-15 to 2017-18
 More than half of universities were in deficit in 2017-18 and the position was worse for most modern and chartered universities than in 2014-15.



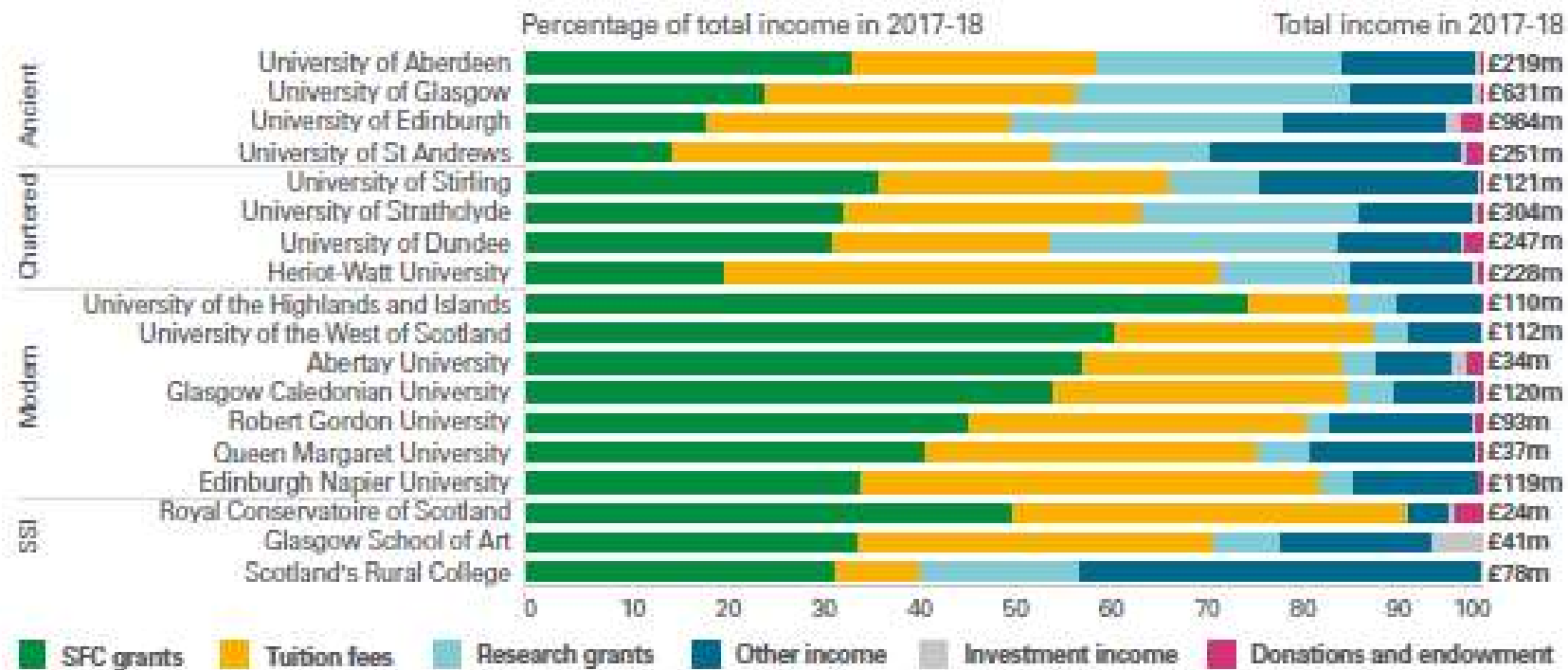
Income sources



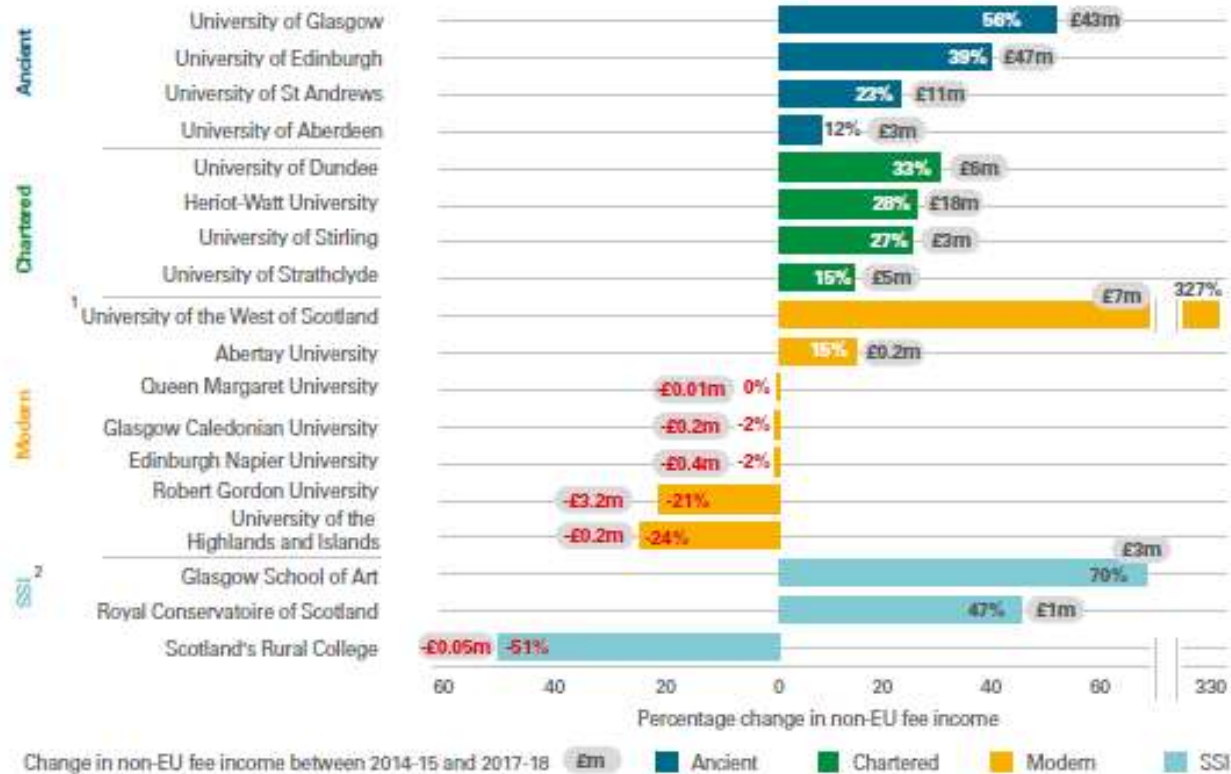
Scottish Government funding

- Most government funding distributed through the Scottish Funding Council
- Consistently over £1 billion in cash terms
- Reduction of 7% in real terms between 2014-15 and 2017-18

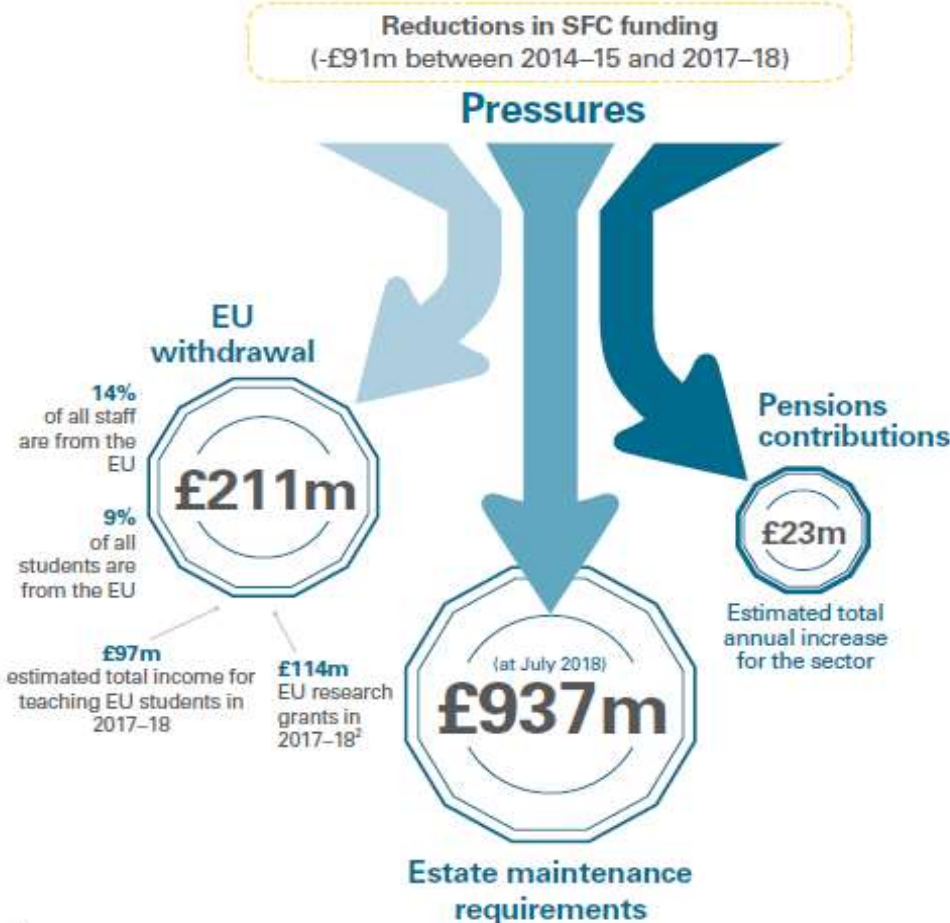
Public versus other income sources



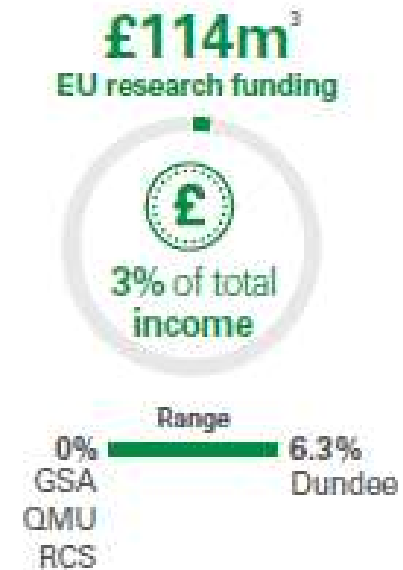
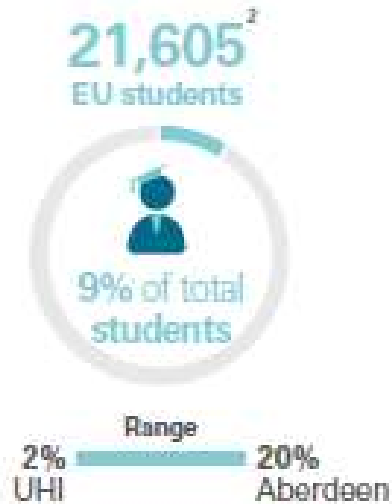
Non-EU fee income



Financial pressures



EU withdrawal



Notes:




Ability to respond to pressures

- Generally, ‘ancient’ universities are better placed to respond:
 - they have cash, reserves and assets
 - less reliant on (reducing) public funds
 - successful at attracting ‘international’ (non-EU) students
- But **all** universities face strong competition, from universities in the UK and in the rest of the world

Accountability arrangements



Performance in 2018-19

 Scottish Government Priorities		Indicators		
		Universities with targets	Universities that met targets	Number of universities that had targets for all measures
 Teaching* <ul style="list-style-type: none"> Retention Satisfaction STEM 	15/18	9/15	8/18	
	18/18	2/18		
	9/18	2/9		
	 Research <ul style="list-style-type: none"> Postgraduate students UKRC income Total research income 	9/18	3/9	8/18
9/18		3/9		
10/18		3/10		

*One further measure had no agreed targets for any universities

- Clearer 'line of sight' between national outcomes and individual university funding agreements
- Better reporting of performance – both finances and outcomes
- Detailed proposals to mitigate risks to the Scottish Government's investment

Useful links and contact details

Report: <https://www.audit-scotland.gov.uk/report/finances-of-scottish-universities>

Contact: mmacpherson@audit-scotland.gov.uk

Audit Scotland website: <https://www.audit-scotland.gov.uk/>