

### Executive Summary

The University of Dundee currently finds itself at a critical juncture following the shock revelation of the financial situation in Nov 2024 and the upheaval of the past 1.5 years. Here, we argue that now is the time to turn our sights on how we can grow the University from its current state, back into a thriving and sustainable operation, a high-quality education provider and an employer valued and trusted by its workforce. The loss of >700 staff through Voluntary Severance (VS) and attrition, as well as the SFC funding and drastic saving measures, have put us back on the path to recovery. The University is already generating a surplus that is set to increase in the following years, as staff cost savings from the first and second VS scheme are fully realised. Student recruitment for the next academic year looks promising and seems to exceed expectations, adding to a positive financial outlook.

Critically, we reject the alternative narrative that the University needs to cut further staff through compulsory redundancies to achieve unrealistic and sector-busting financial targets (10% EBITDA). These cuts would risk causing significant long-term harm to the Institution and may materially impair its ability to recover and fulfil its charitable mission. Members of Court are encouraged to ensure that any proposed staff reductions are subject to thorough scrutiny of the underlying financial information, assumptions, and forecasts before approval. **Decisions taken without appropriate diligence may expose those involved to significant governance, reputational, and financial accountability, should such measures contribute to a deterioration of the institution's viability.**

### Governance & Court Responsibilities

#### Quality & Timeliness of Information Shared with Court

#### Staff Numbers and Forecasted Staff Costs

In November 2024, the University of Dundee reported that it would incur a £30-35m structural deficit if immediate action was not taken to reduce costs. At the time, the University reported employing 3,259 FTE staff and £184m staff costs. However, in a letter to the Education, Children and Young People Committee (ECYPC, Scottish Government, sent 13 Nov 2025), the University of Dundee disclosed that in August 2024 it employed only 3,123 FTE. This discrepancy first hinted at the fact that reporting on staff numbers at the University of Dundee was unreliable.

#### *Why this is important:*

DUCU has been arguing that the staff costs budgeted for 2025/26 before VS savings were inflated. The University's most recent forecast confirms this claim, as the University has spent *less* on staff than originally budgeted, even before VS savings.

In August 2025, the University Executive Group (UEG) set out a "University Recovery Plan" (URP) that included a drastic target of 690 FTE job losses as a cost-cutting measure (following an earlier version in Mar 2025 that originally set this target to 632 FTE). It is now clear that this URP target of 690 FTE *has already been reached*. This was *confirmed* by staff data shared with the Unions on 16 April 2026 at the Local Joint Committee. To our knowledge, **this data was not shared with UEG prior to them making recommendations to Court on further job losses, and it has still not been shared with Court, despite Court being asked to take decisions on further staff reductions at the meeting of 21 April 2026.**

Using the figure of 3123 FTE staff from the correspondence with the ECYPC in November last year (2025), and attrition rates, DUCU was able to estimate staffing levels with a remarkable degree of precision:

- 489 FTE between July 2024 and October 2025. Included in this number are the 240 FTE who left during the Voluntary Severance scheme in Autumn 2025.
- 90 FTE staff have left between October 2025 and April 2026.
- 110 FTE staff will leave the University through the most recent VS scheme.

**The estimated remaining 2400 FTE staff is the lowest staff number observed in at least the last 20 years at UoD (Figure 1).**

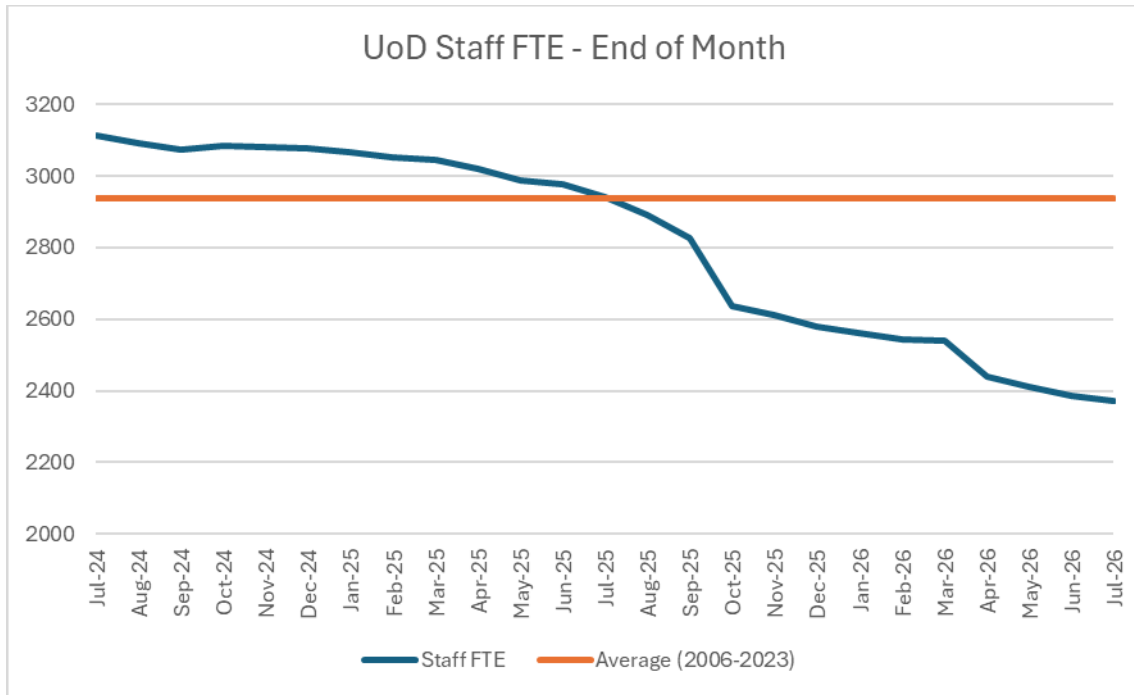


Figure 1. Staff figures during the financial crisis (blue line), plotted against the average (orange) of the previous 17 years.

Based on the above staff data, DUCU estimates that once the savings from the second VS scheme are realised, UoD will see a reduction in staff costs of ~£40m per year, thus *fully* addressing the operating deficit through staff costs reduction alone and rendering any further reductions in staffing levels *unnecessary*. **Further reductions in staff levels may result in irreversible damage to the Institution, with serious impact on the ability of UoD to make a full recovery and deliver on its charitable mission.**

### Finances & Cashflow

The Gillies report clearly identifies the **lack of challenge to financial information and forecasts as one of the major factors that led to UoD's financial crisis** (Gillies report, p.38). This scrutiny should apply to financial forecasts both when they are too optimistic as well as when they are too pessimistic.

UoD predictions have been consistently and, in our view, unjustifiably pessimistic on the cash projections shared with staff and the SFC (Figure 2).

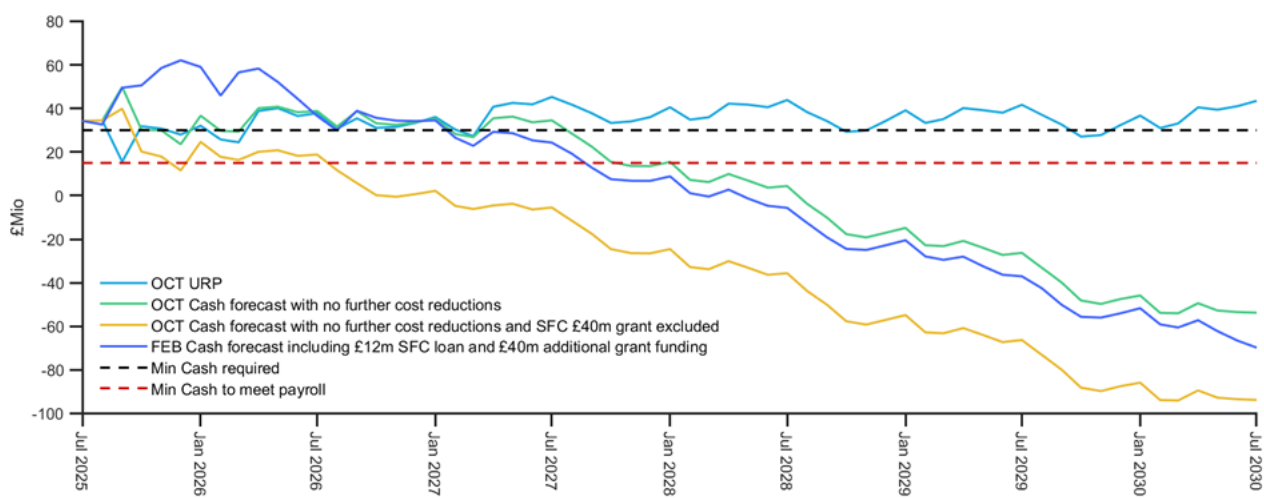


Figure 2. Cashflow predictions as reported in the University Recovery Plan (URP) submitted to SFC in Aug 2025 and published in Oct 2025 (OCT URP), as presented to staff in Oct 2025 (OCT Cash forecast with no further cost reductions & OCT Cash forecast with no further cost reductions and SFC £40m grant excluded) and in Feb 2026 (FEB Cash forecast including £12m SFC loan and £40m additional grant funding). The black-dashed line shows the minimum cash required by the University each month, and the red dashed line the minimum cash needed to meet payroll. These graphs are an overlay of data taken from separate presentations at staff townhall meetings or finance updates in Aug 2025, Oct 2025, and Feb 2026.

- The cash decline predicted in the October cash forecast with or without the additional SFC £40m grant (Figure 2 - green and yellow lines) never materialised. In fact, the FEB Cash forecast (dark blue line), presenting the *actual* cash held by UoD between Sept 2025 and Feb 2026, shows a massive surplus of >£30m when compared to the Aug 2025 forecast (green line).
- Despite the loss of 489 FTE between July 2024 and October 2025, the cash forecasts presented in Feb 2026 (FEB Cash forecast, dark blue line) suggest that the University will be running out of money *quicker* than if no additional staff reductions had been achieved since Oct 2025 (OCT Cash forecast, green line). We now know that ~80 FTE staff left in that period of time and their positions were not replaced. However, the February forecasts (dark blue line) suggest that the University's cash will reach below the minimum cash level to meet payroll 1-2 months earlier than if no further staff reductions had taken place (compare dark blue and green lines around Jul 2027).
- **The light blue line (Figure 2 - OCT URP) shows the outcome of 690 FTE staff reductions according to the URP, as presented by the Interim Principal in an all-staff townhall in August 2025. However, after losing 489 FTE staff and an additional 150-200 FTE being expected to leave through the current (Mar 2026) VS scheme, in Feb 2026 the forecasts were *still* predicting that the University will run out of cash in the next couple of years (FEB Cash forecast, dark blue line, see downward trend from Jul 2027). Moreover, the downward trend was similar, if not identical, to the trend projected in the OCT Cash forecast (green line), despite the markedly changed staffing levels and the connected savings in staff costs that should have stopped (or at least reduced) the decline.**

#### Why these discrepancies are important:

These pessimistic projections have been used as a foundation for multiple narratives predicting:

- The University imminently running out of cash, originally purported as Sept/Oct 2025, now updated to Sept/Oct 2027.
- The University spending more than its income.

The cash flow forecasts related to the time range from Jan 2027 onwards seem over-simplistic and are difficult to justify – even when not factoring in the huge uncertainties that accrue over time - meaning that forecasts can be off by tens of millions of pounds in our sector, especially when looking more than 2 yrs in the future.

Mathematically, the cash flow forecasts after Jan 2027 can be broken down into virtually identical, annually repeating patterns, arranged to include a linear decline, as shown below (Figure 3).

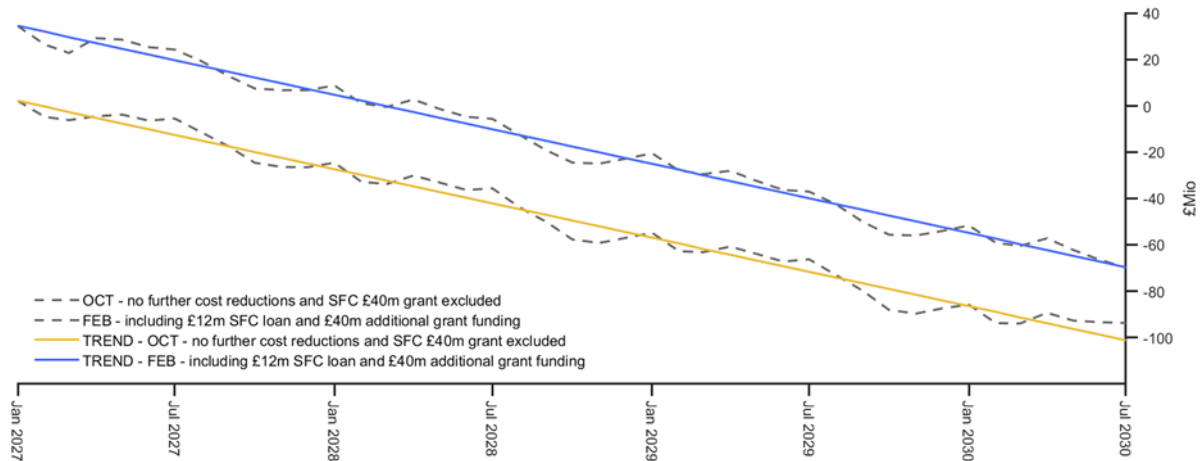


Figure 3. Cashflow predictions as presented to staff in October 2025 (OCT) and February 2026 (FEB) and corresponding extracted downward trends (blue and yellow lines).

If the declining trends are removed numerically, the forecasts are virtually identical, even when compared with the URP submitted in August.

This evidence suggests that any modelling done from Jan 2027 onwards can simply be explained by the added trend of a linear cash decrease, e.g. a pre-defined operating deficit entered as a constant number every year. In the presented forecasts this decline was always the same (see Figure 2, dark blue, green and yellow lines), modelled as a loss of ~£30m per year. Crucially, this invariable loss is irreconcilable with the realised annual savings in staff costs, meaning that the FEB Cash forecast (Figure 2, dark blue line) should have flattened out considerably when compared with the decline in the OCT Cash forecast (green line) - in fact, it should have met the OCT URP forecast with no decline, given that we now know that the target of 690 FTE staff has been met.

Adopting the same modelling strategy, DUCU plotted the expected cashflow that would derive from accounting for the actual number of FTE staff that has left the University as of Oct 2025 (~500 FTE), and after the closure of the latest VS scheme launched in Feb 2026 (~650 FTE as a conservative estimate) (Figure 4).

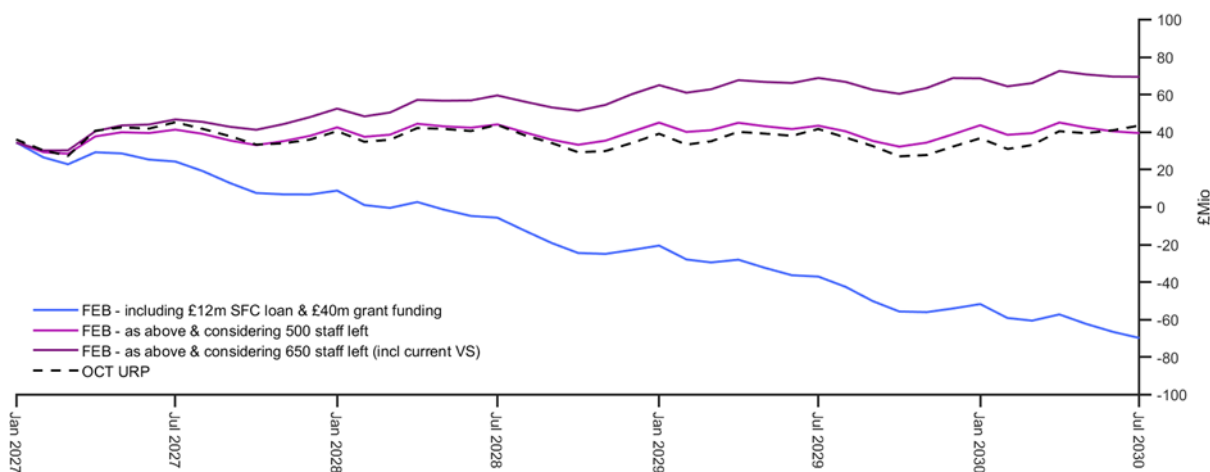


Figure 4. Cashflow predictions as included in the URP published in Octo 2025 (OCT URP) and as presented to staff in February 2026 (FEB – including £12m SFC loan and £40m grant funding) compared to DUCU cashflow predictions accounting for the loss of 500 FTE (FEB – as above & considering 500 staff left) or 650 FTE (FEB – as above & considering 650 staff left).

These predictions assume that 500 FTE staff cost the University ~£30-35m per year – an estimate made on the basis that a 240 FTE staff reduction through VS saved the University ~£14m, and include a drop in savings of £2m per year due to inflation, salary increments etc. The difference in outcome is stark:

- Accounting for all the 500 FTE lost by Oct 2025 shows that the University’s cash is already on par with the University Recovery Plan (URP).

- Adding to the 500 FTE already lost the ~150 FTE that are predicted to leave by Apr 2026 puts the University on a trajectory to achieve a healthy cash surplus (~4-6% EBITDA) in the next FY. This prediction does not account for any income-generating activity put forward before 2030.

## SFC Conditions of Funding

At the meeting of 21 April, Court has been asked to make decisions on further staff cost reductions. However, the University has a positive EBITDA (%1) and possesses unrestricted cash, even before receiving the full £20m of SFC additional support.

Hence, these **cuts are neither necessary nor urgent**. In fact, they risk having a negative impact on the University's income-generating ability and **put the Institution in breach of the SFC conditions for funding**.

In particular, the current plan risks breaching the following requirements:

- *“Create a strategic path to recovery that aligns immediate and medium-term actions to a long term goal”*. Balancing the books by cutting staff is simply not good enough.
- *“Include a clear vision to guide decisions (including decisions on significant organisational restructuring) with a view to ensuring that short-term actions do not risk undermining future recovery”*. Cutting staff at a time when the Institution has already lost >700 staff risks undermining the Institution's viability and ability to recover. In fact, we are already seeing the damaging and long-lasting impact of two rounds of VS, which led to the closure of the Centre for Entrepreneurship, the dispersion of student services, and an all-round worsening of the student experience.
- The strategy to recovery must *“be the subject of a period of credible and meaningful engagement with staff and students, as assessed against the appended engagement framework which draws on the Scottish Government's National Standards for Community Engagement Framework”*. The proposed cuts, which can have severe and irreversible consequences on courses and programmes, will come at a time - *i.e.* the summer holidays - when Senate is not in session and meaningful engagement with staff and students is impossible.

Finally, by starting the consultation process with the Unions before the strategy to recovery has been drafted and consulted upon, the University will be in breach of point 19 of the SFC conditions of funding, which states the following: ***“To ensure that the structure of the future workforce is congruent with the medium-term Strategy to Recovery, UoD must not begin a compulsory redundancy process, relating to the Strategy to Recovery before the Strategy to Recovery including the workforce plan and meaningful engagement with staff and students has been completed and evidenced to SFC by the University Court.”***

## Reputational Damage

The risks associated with additional job cuts are financial but also reputational. Staff have been involved in an ongoing crisis that has lasted 19 months and has severely impacted their working conditions, workloads, and mental health.

Two of the campus trade unions conducted wellbeing surveys on their members that reinforced the finding of the “listening exercise” commissioned by UoD:

- Majority of responses mention psychological/physical impacts;
- Stress consistently spills over into home life, with most struggling to unwind or feeling too tired to enjoy life outside work, and nearly half reporting damage to personal relationships due to work pressures;
- Severe cases included reports of medical interventions due to stress and severe depression;
- Exhaustion scores extremely high (e.g., 88% tired upon waking). 73–75% struggle to unwind or feel too tired to enjoy home life;
- 65% of staff report an unacceptable workload;
- Only 4% would recommend UoD as a workplace;

Comments from the DUCU survey include: “There is no end in sight” - “Without the good people who work here, UoD doesn’t have much to offer” – “I feel undervalued and invisible”. The pattern we’re seeing at Dundee looks less like “ordinary workplace stress” and “normal tiredness” and more like a classic high-strain / high-stakes environment that we already know, from other sectors, can tip people into burnout and moral injury.

Since the release of the findings from the UoD “listening exercise” and the reporting from the trade unions’ wellbeing surveys, the University has not shown a structured approach to address the mental health crisis on campus (e.g. through the development of an action plan), nor it has addressed the main sources of staff distress, i.e. increasing workloads due to staff departures and the continuous threat to job security. Similarly, the change from Schools to Faculties, as well as the re-organisation of Professional Services, has been conducted in the absence of a stress risk assessment. While the University has accepted that it has caused trauma to its staff, there does not seem to be a clear intention to mitigate or address the issue.

#### *Why this is important:*

According to Health & Safety legislation and UoD Health & Safety Policy, “*the University Court accepts its legal and moral responsibility for the health, safety and welfare of staff, students and others affected by the University’s activities.*” Ultimately, the responsibility for the University’s failure to fulfil its duty of care towards staff and students will rest on Court.

## An alternative approach to recovery

### Financial Stability

In accordance with the most recent financial forecasts, we believe the University of Dundee’s finances have been stabilised by the two rounds of VS. The University has, for the first time in a while, unrestricted cash and is currently showing a small but positive EBITDA of ~3m.

This is happening in a FY when the following savings have not been realised yet:

- An additional £3m per year from the first VS scheme
- Savings from the second VS scheme (DUCU estimate: ~£7m)
- Savings from staff leaving between October 2025 and March 2026 that will not be replaced (DUCU estimate: ~£5m)

Before making decisions on further job cuts, **it would be appropriate for Court members to receive full financial forecasts for the FY 2026/27**, when all these savings will come to fruition and a more accurate long-term picture of the University’s finances can be obtained.

Staff constitute the main source of income for the University. **Any savings made by additional job cuts should be carefully weighed against potential income losses resulting from the cuts**, e.g. closure of successful programmes/courses, worsening student experience, drop in research income, further reputational damage as the Institution continues to be portrayed as not a going concern.

As the University is on a path to recovery, the financial support from the SFC allows is to build immediate resilience against small external shocks. It is time now to rebuild, consolidate the workforce so that the University’s reputation can recover, and look at how this Institution can prosper in the future.

### Opportunities & Income Generation

The SFC conditions for funding clearly state that any recovery plan must “**provide evidence (including from staff engagement) for decisions around income generation**”. The taskforce led by Sir Alan Langlands dedicated an entire section to this endeavour and pointed out specific areas where UoD could grow and suggest that the University should:

- “Explore expanding its offering of continuing professional development (CPD), where other universities make a significantly larger percentage of income. Dundee could explore working with local partners to join up offerings to improve ease of access for employers and delegates.

- *Look at expanding business development links from individual Schools within the University including the potential for decentralisation of business development resources to provide immediate opportunities for income sources.*
- *Make full use of real estate and facilities, following appropriate rationalisation.*
- *Ensure that decisions are informed by an understanding of accurate costings, income generation and value for money, while not allowing controls around spending to throttle opportunities for income*
- *Consider the findings of the Transformation and Efficiency Taskforce led by Sir Nigel Carrington, and explore opportunities for expanding shared services, with a sensitivity to impact on students and staff, potential additional costs and impact of VAT*
- *Follow up on discussion and actions from the Income Generation and Shared Services workshops.”*

To DUCU’s knowledge, none of these options have been explored to their full potential, nor have they been factored into the financial forecasts. On the contrary, the closure of centres of excellence such as the Centre for Entrepreneurship is evidence that the University is shutting down avenues for income generation in the pursuit of staff cost savings.

In accordance with the Redundancy Avoidance Agreement and Code of Practice, before any redundancy situation is discussed with the Unions, the University should look at ending the employment of external contractors, where feasible. Further redundancies may only increase the risk of jeopardising services we currently provide in-house, at a much smaller cost than what the University would spend if they were to be outsourced. Hence, **a reduction in outsourcing may result in long-term savings.**

Finally, a word of caution on capital expenditure. **We fundamentally reject the idea that the University should generate enough cash to invest in major capital expenditure projects, especially when this cash is to be generated through staff cuts.** In fact, this approach was one of the major contributors to the financial collapse of 2024, when the University invested large amounts of cash in capital projects instead of taking out a bank loan and broke banking covenants in the process, thus taking away the Institution’s ability to secure commercial lending. As proposed in the previous point (Financial Sustainability), from the FY 2026/27 onwards the University of Dundee is expected to generate enough cash surplus (excluding the SFC support) to take care of the basic maintenance of its infrastructure. Any major capital expenditure project should be undertaken by securing bank loans, not through job cuts.