SFC performance between July 2025 and August 2026

Review by Dundee UCU, 3 September 2026

Summary

- Failures of SFC identified in Gillies Report continue
- Failures of SFC to address the University's violations of the Financial Memorandum
- Failures of SFC to address the University Court's violations of the Scottish Code of Good HE Governance

1. Failures identified in Gillies Report continue

The Gillies Report of 2025 noted the following failings of SFC:

" The forecast pack, including Q2 budget and outturn) was sent by the University to the SFC following the Court meeting of 10 June2024.The same comments that are made in the report on the FY24 outturn (31 July 2024) of FPC and Court are equally relevant to the SFC review, albeit SFC officers will not have had the background information that UEG and Court members had.

This still leaves the £5.5m and £2.5m of 'Betterment" (see report) and a £74m USS adjustment (while expecting an £80m adjustment) unexplored. Investigating these matters at the time should have resulted in further detailed enquiry of current year performance and contingencies in FY25 -already a deficit of £11.7m but with an undisclosed £23m of budgeted savings within it." (p. 61)

Since July 2025, SFC has not only had an observer on University Court, but they have also received all documents that Court has received, and therefore, no longer have plausible deniability related to not having background and context to the information that restricted their oversight in 2023 and 2024.

2. Failure to address violations of the Financial Memorandum by the University

The University has violated all elements of Section 17 of the Financial Memorandum with higher education institutions - 1 December 2014. Yet the SFC have not acted at all in the face of these violations.

No evidence that public funds will not fund redundancy pay

"Section 17. [...] "SFC also requires the governing body to ensure that:

• Public funds are used in accordance with relevant legislation, the requirements of this FM and only for the purpose(s) for which they were given. Strategic, Capital or other grant funding must only be used for the purpose for which it is provided by SFC;

• Subject to any legal requirement to observe confidentiality, the institution will be open and transparent with SFC and other stakeholders, and will give, or be prepared to give, a public justification of its decisions in relation to the use of public funds"

Dundee UCU has asked repeatedly for evidence from the University that public funds will not be used for redundancies or severance pay. Given the University's repeated claim that it has little to no "unrestricted cash" since July 2025, no evidence has been provided to show how the University has covered and will cover the costs of severance and redundancy pay. This leads Dundee UCU to the conclusion that the University will simply substitute the funds, using "restricted cash" for severance and redundancy pay which will be replaced by public funds.

What evidence has SFC been given that this will not be the case?

Failure to question absence of figures and value and effectiveness of use of public funds

""Section 17. [...] "SFC also requires the governing body to ensure that:

• The institution strives to achieve value for money and is economical, efficient and effective in its use of public funding"

Court, and therefore by extension, SFC, has not been given updated staffing figures used to justify job cuts: The Strategy to Recovery, that sets out the justification for redundancies, is based on staffing figures that are months out of date. An independent review of the Strategy to Recovery commissioned by UCU Scotland has shown that the University will reach the target figure of staffing through "natural attrition" and need not go through the redundancy process.

Neither Court nor the SFC has questioned the value and effectiveness of these cuts, especially if public funds may be used, through substitution, to cover redundancy costs.

Failure to question absence of key financial documents

""Section 17. [...] "SFC also requires the governing body to ensure that:

• There is effective planning and delivery of the institution's activities in accordance with its mission and its Outcome Agreement agreed with SFC"

Neither Court nor SFC has questioned why the University does not have an approved budget for the last financial year 2025/26 and the current financial year 2026/27.

Failure to critically investigate claims by UEG and barriers to information sharing

""Section 17. [...] "SFC also requires the governing body to ensure that:

• The institution plans and manages its activities to remain sustainable and financially viable. An institution is being managed on a sustainable basis if, year on year, it generates sufficient income to cover its costs1 and allow a margin of surplus for investment in its infrastructure – physical, human and intellectual – at a level which enables it to maintain adaptive capacity necessary to meet future demands. However, SFC recognises there could be strategic circumstances that result in the institution making a planned deficit over a short period of time; for example, strategic investment for growth, where the return on investment is not realised immediately"

Failure to investigate claims challenging the University Executive's (UEG) narrative by Court and SFC: SFC have received critical information from campus unions, staff, and student representatives questioning the governance and financial reporting presented to Court and to staff.

- Throughout the first half of 2026, SFC were presented with detailed evidence from Dundee UCU (March, May, June) and the President of the Dundee University Students Association showing that the Strategy to Recovery did not meet the Conditions of Grant for Scottish government funding, either in terms of meeting the requirements of consultation or the financial stipulations.
- In July and August 2026, teams of staff in redundancy pools and Dundee UCU have emailed SFC with evidence of failures of the collective consultation process, and the legal and financial risks to the University if the proposals for redundancy were taken ahead.

SFC's response to these has been either to offer platitudes to staff or refer the issues back to UEG. There has been little to no critical investigation of these claims by the SFC independently.

Attempts to provide additional information to Court blocked by the University governance team:

- A request to present a paper on alternative proposals produced by Dundee UCU in May was denied by the Court's governance team.
- In September, Dundee UCU's nominee to Court request to table a paper to Court to correct these figures was refused by the governance team of Court.

None of these failures in transparency have been questioned by SFC.

Failure to investigate problems in financial forecasting

“"Section 17. [...] "SFC also requires the governing body to ensure that:

• The institution has a sound system of internal management and control, including an audit committee, an effective internal audit service, and adequate procedures to prevent fraud or bribery”

University management has been consistently and, in our view, unjustifiably pessimistic on the cash projections they have shared with staff and the SFC. These pessimistic – and now proven to be inaccurate – projections have been used as a foundation of multiple narratives by the management predicting variously that:

- the University was imminently running out of cash, originally purported as Sept/Oct 2025, then updated to Sept/Oct 2026.
- the University was spending more than its income.

Additionally, “modelling” done from Jan 2027 onwards could 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 (see green, blue, yellow lines in figure above). Absent any justification, this way of financial forecasting seemed over-simplistic at best.

Modelling done by DUCU based on numbers presented in staff town halls on various occasions (Aug 2025 – Feb 2026), properly accounting for all FTE lost by Oct 2025 showed that the University’s cash was already on par with the University Recovery Plan (URP), and even surpassed it to generate a substantial surplus by 2030 when considering FTE lost through the second VS scheme (Mar 2026), directly contradicting the management’s forecast.

In brief, arguments presented to the SFC that the only way for the University to “survive and recover” was to reduce the workforce to the point that the University’s income is more than its spending were based on flawed projections of income and cashflow. Additionally, management:

- Assumed that a reduction in workforce won’t impact income or the delivery of income-generating activities.

- Didn't account for the fact that the reduction in core staff will mainly come from income-generating areas that are also teaching-intensive and that create sustainable and low-cost sources of income for the university.
- Didn’t address the longstanding issue of structural imbalance within the university between resource-intensive research activities with high overheads that are subsidised by teaching income.
- Didn’t take into account that the University is already at historically low staffing levels (lowest in the past 20 years), even before the outcome of the second VS scheme (Mar 2026).

Despite this information being available, neither the Court’s audit and risk committee nor SFC have questioned its overly negative outlook and identified the risks for the long-term financial sustainability of the institution.

Failure to address legal and financial risks to the University

“Section 17. [...] "SFC also requires the governing body to ensure that:

• The institution has an effective policy of risk management and risk management arrangements.

• The institution is engaged actively in continuously enhancing the quality of its activities and involves students and other stakeholders in these processes”

Failure of Court to address legal and financial risks: In July and August 2026, members of staff in multiple redundancy pools presented The Chair of Court, the Chair of Court's Audit and Risk Committee, and the SFC multiple legal and financial risks to the University if the Business Plan attached to the Strategy to Recovery were implemented. These risks included:

- Worsening of the University’s financial position due to large scale cuts to surplus-generating teaching units;
- The loss of the University’s sponsorship license due to non-compliance with the UKVI’s requirements;
- The breach of the University’s legal responsibilities under the Equality Act 2010, the Carers (Scotland) Act 2016, and Mental Health (Care and Treatment) (Scotland) Act 2003;
- Reputational and financial risk from failures to observe the University's legal responsibilities;
- Loss of trust with families, schools, local authorities and recruitment agents and recruitment challenges arising from this loss;
- Inability of the University to maintain its safeguarding and duty of care responsibilities if Disability and Student Services are reduced;

- Inability of the University to deliver a safe, effective and legally compliant core services;
- The negative impact on staff wellbeing, workload and burnout;
- Inability to maintain accreditation requirements;
- Inability to address problems with admissions;
- Reduced capacity for recovery;
- Legal issues and financial costs arising from procedural failures of collective consultation.

The Chair of Court referred these risks back to the University Executive Group. The Collective Consultation was closed before these risks were eliminated or mitigated against. Dundee UCU has received no updated on any subsequent action from the Chair of Court or the Chair of the ARC to ensure these risks have been adequately mitigated against.

The SFC have not responded to or addressed the failures of Court to mitigate against these risks.

Failure to address why Court has not seen necessary documents related to the Strategy to Recovery

"Section 17. [...] "SFC also requires the governing body to ensure that:

The institution has regular, timely, accurate and adequate information to monitor performance and account for the use of public funds. Such information will be made available to SFC on request, as necessary, for the exercise of its functions and to gain assurance"

The Business Plan that sets out the details of how the Strategy to Recovery will be implemented was not presented to Court or approved by Court prior to its implementation in June 2026.

SFC have not questioned why Court has not had the opportunity to scrutinise the most important document in the implementation of the Strategy to Recovery.

3. Failure to address violations by University Court of the Scottish Code of Good HE Governance

Section 17 of the Financial Memorandum between HEIs and the SFC states: "SFC requires the governing body to comply with the principles of good governance set out in the Scottish Code of Good HE Governance."

University Court has failed to meet many of the terms of the Code.

SFC have failed to address these violations of the Code.

Primary Responsibilities of the Governing Body

"3. The governing body must be involved in the development of, take responsibility for, and monitor performance against the institution’s strategic plan, which sets the aims and objectives of the institution and identifies the financial, physical and staffing strategies necessary to achieve these objectives. It is also expected to approve an annual plan that identifies those aspects of the strategic plan being implemented in the year in question."

Failures by Court not addressed by the SFC

- Court has not approved a budget for the University for 2025/26 and 2026/27.
- Court has not approved or been given sight of the Business Plan attached to the Strategy to Recovery that is currently being implemented to bring about mass job cuts across the University.

"4. The governing body must be attentive to risks which could threaten the sustainability of the institution, including the risk of inaction in the face of threat or opportunity, and ensure that the institution has appropriate procedures to identify and actively manage risk. The governing body needs to understand the external environment in which the institution operates and the strategic risks and opportunities it faces.[...]"

Failures by Court not addressed by the SFC

- Court has not addressed the legal and financial risks identified by members of staff if the Strategy to Recovery is implemented.

"6. The governing body should satisfy itself that the institution has adequate systems and practices for informing and consulting with stakeholders’ representative bodies, including recognised trade unions and student associations, in relation to the ongoing development of the institution and any significant proposals regarding relevant institutional policies. The governing body should also satisfy itself that the institution has in place appropriate arrangements for engaging with the public and the wider communities which it serves."

Failures by Court not addressed by the SFC

- In May 2025, Court has refused to consider information presented to it by Dundee UCU that is critical of the University management.
- In September 2025, Court has refused to consider information presented to it by Dundee UCU's nominee on Court.
- Court has not held the annual public meeting that is legally mandated since January 2024.

"9. Legal and regulatory obligations include compliance with all relevant laws, the governing instruments of the institution, relevant financial standards including the Scottish Funding Council's Financial Memorandum, and any legal obligations arising in connection with the institution's charitable and/or company status, in addition to the observance (on a comply or explain basis) of this Code."

Failures by Court not addressed by the SFC

- Court has not addressed the legal and financial risks identified by members of staff if the Strategy to Recovery is implemented.

Responsibilities of Governing Body Members

"36. The institution is expected to publish the register of interests on its website, suitably redacted to take account of data protection duties, and keep it up to date. The Secretary to the governing body and any other senior officer closely associated with the work of the governing body, for example the finance director, must also submit details of any interests to be included in the register."

Failures by Court not addressed by the SFC

- The Register of Interests on the University website is 4 years out of date.

Equality, Diversity and Inclusion

"41. The governing body is responsible for compliance with all relevant legislative and regulatory requirements relating to equality and diversity.

42. Institutions must work to eliminate unlawful discrimination, promote and facilitate equality, and foster good relations across all protected characteristics. The governing body is expected to show leadership in pursuing these actions. "

Failures by Court not addressed by the SFC

- Court has not approved or been given sight of the Business Plan attached to the Strategy to Recovery that is currently being implemented to bring about mass job cuts across the University.
- The Equality Impact Assessments for Faculties and Directorates that were included in the Business Plan have been challenged by members of staff in redundancy pools and by Dundee UCU on the grounds that they are not accurate and do not include any mitigations to the groups affected. These challenges have been summarily dismissed by University management. Court has not been informed of these challenges and has therefore not acted to address them.