Finance Committee
Higher Education (Governance) Scotland Bill
Submission from Scotland’s Rural College

Response

Consultation

1. Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?

SRUC did submit a response to the consultation exercise which preceded the publication of the Bill. The consultation did not specifically address any financial implications of the proposals and did not set out in detail any financial assumptions which had been made by the Scottish Government in preparing the consultation document.

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

Not applicable.

3. Did you have sufficient time to contribute to the consultation exercise?

Yes.

Costs

4. If the Bill has any financial implications for your organisation, do you believe that they have been accurately reflected in the FM? If not, please provide details.

A thorough assessment of the financial implications for SRUC cannot be carried out until the Regulations to be made section 1 of the published Bill are set out by the Scottish Ministers.

Whilst SRUC will make provision for the appointment of a new Chair, in accordance with the requirements of the Scottish Code of Good HE Governance, it cannot make financial or resource provision in relation to any future Regulations until such time as these are made public.

The FM sets out assumptions on the cost of advertising vacancies, both for the Chair and for new board members. These make the assumption that advertising will primarily be through free public appointments websites. SRUC does not believe that advertising solely on such sites is sufficient to meet the requirement to promote
gender equality and diversity on Boards. SRUC has recently completed an advertising campaign for the recruitment of new Board members and whilst we used as many free and relevant online resources as we could there was a need to use other advertising sites. The FM assumes that the cost of using external print and media services would be likely to cost an HEI in the range of £750 to £2,000 per recruitment exercise. In order to access such external services SRUC had to incur advertising costs of approximately £16,000.

The FM makes certain assumptions in relation to the cost of running an election for the appointment of a Chair although these cannot be fully assessed until the Regulations for the election process are published. The same assumptions are made in relation to the elections for the appointment of staff members to the Board. The FM does however assume that the costs of an election will be minimal. This assumption is based on an election being run electronically as an HEI is likely to have email addresses for all potential voters.

SRUC does not have any budgetary provision for paying candidates expenses in conducting an election campaign and such additional costs could not easily be absorbed into existing budgets.

Until the Regulations for the election of a Chair are known, SRUC cannot assess whether it would be able to conduct an election electronically.

SRUC knows that it cannot conduct an election for staff members of the Board solely by electronic means. Given the type of work some employees undertake, for example as stockmen/women or dairy workers, there is no need for them to have access to the SRUC computer systems.

The FM assumes that the management of elections could be resourced internally by the HEI. This is not necessarily the case and SRUC has required in the past to engage external support to facilitate staff elections.

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

SRUC believes that the assumptions made in the FM underestimate the costs, both in financial terms and in time, to Institutions and to the Scottish Government in implementing the provisions of the Bill if enacted as published.

SRUC is a private company limited by guarantee and has charitable status. If the Bill is enacted as published then SRUC would require to make changes to its Articles of Association to ensure it was compliant with the new Act. In terms of SRUC’s current Articles of Association changes cannot be made without the consent of the Scottish
Ministers. Consent would also be required from the Office of the Scottish Charity Regulator (OSCR).

SRUC was formed by a merger of three land-based FE colleges with SAC (the Scottish Agricultural College) in October 2012. The Articles of Association of SAC required to be changed to facilitate the operation of the new, merged institution and consent was requested from the Scottish Ministers and prior to the merger. The consent of the Scottish Ministers was not given until July 2015, almost three years after application was made, despite repeated attempts by the solicitors acting for SRUC to make progress.

The experience of SRUC in relation to changing Articles of Association indicates that the assumption in the FM of the time and cost required to amend HEIs governing instruments is not accurate and that it significantly understates the resource requirement both for the Scottish Government and for the institutions involved.

6. **If applicable, are you content that your organisation can meet any financial costs that it might incur as a result of the Bill? If not, how do you think these costs should be met?**

SRUC has no provision to meet the additional costs which will arise as a result of the enactment of the Bill as published and would be looking to the Scottish Government to provide the resource required to amend the Articles of Association and to meet the costs incurred in running elections for the Chair and staff board members (including the campaign costs).

7. **Does the FM accurately reflect the margins of uncertainty associated with the Bill’s estimated costs and with the timescales over which they would be expected to arise?**

The FM does not accurately reflect the costs which will be incurred but it is reasonable to assume that the timeframe in which the costs will arise are as set out in the FM.

**Wider Issues**

8. **Do you believe that the FM reasonably captures any costs associated with the Bill? If not, which other costs might be incurred and by whom?**

If there is a requirement to have two Board members nominated by a graduates’ association then SRUC will require assistance in creating such an organisation and would again be looking for the Scottish Government to provide the necessary resource to create such an organisation.
9. Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation? If so, is it possible to quantify these costs?

We are unable to assess at this stage whether SRUC would be affected by any subordinate legislation and so unable to quantify any costs associated with such legislation.

Helen Howden
Solicitor and Deputy Company Secretary