



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE

Wednesday 25 November 2015

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CONTENTS

	Col.
DECISION ON TAKING BUSINESS IN PRIVATE	1
SUBORDINATE LEGISLATION.....	2
European Maritime and Fisheries Fund (Grants) (Scotland) Regulations 2015 (SSI 2015/359)	2
SCOTLAND'S RURAL COLLEGE.....	3

RURAL AFFAIRS, CLIMATE CHANGE AND ENVIRONMENT COMMITTEE
36th Meeting 2015, Session 4

CONVENER

*Rob Gibson (Caithness, Sutherland and Ross) (SNP)

DEPUTY CONVENER

*Graeme Dey (Angus South) (SNP)

COMMITTEE MEMBERS

*Claudia Beamish (South Scotland) (Lab)

*Sarah Boyack (Lothian) (Lab)

*Alex Fergusson (Galloway and West Dumfries) (Con)

*Jim Hume (South Scotland) (LD)

*Angus MacDonald (Falkirk East) (SNP)

*Michael Russell (Argyll and Bute) (SNP)

*Dave Thompson (Skye, Lochaber and Badenoch) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Alasdair Cox (Scotland's Rural College)

Patrick Machray (Scotland's Rural College)

Professor Geoff Simm (Scotland's Rural College)

Janet Swadling (Scotland's Rural College)

Mike Wijnberg (Scotland's Rural College)

CLERK TO THE COMMITTEE

Lynn Tullis

LOCATION

The Sir Alexander Fleming Room (CR3)

Scottish Parliament

Rural Affairs, Climate Change and Environment Committee

Wednesday 25 November 2015

[The Convener opened the meeting at 09:32]

Decision on Taking Business in Private

The Convener (Rob Gibson): Hello and good morning, everyone. Welcome to the 36th meeting in 2015 of the Rural Affairs, Climate Change and Environment Committee. Before we move to the first item on the agenda, I remind everyone present—at the table and in the gallery—to switch off their phones, or at least to switch them to silent mode, because they can interfere with the broadcasting system. Committee members will be using tablets during the meeting because papers are provided in digital format.

Agenda item 1 is a decision on whether to take business in private. Members are invited to decide whether to take in private agenda item 4, which is consideration of the evidence that will be heard on Scotland's Rural College under agenda item 3. Is that agreed?

Members indicated agreement.

Subordinate Legislation

European Maritime and Fisheries Fund (Grants) (Scotland) Regulations 2015 (SSI 2015/359)

09:32

The Convener: Agenda item 2 is consideration of a Scottish statutory instrument—the European Maritime and Fisheries Fund (Grants) (Scotland) Regulations 2015 (SSI 2015/359)—that is subject to negative procedure. I refer members to the relevant paper. Do members have any questions or comments?

Claudia Beamish (South Scotland) (Lab): I simply want to record the fact that I am very pleased that the fund is being rationalised, that it will support our coastal communities, which are often very fragile, into the future, and that it will provide the fishing industry, including the onshore industry, with support if it is needed in any transition process.

The Convener: I would like to put on record the fact that there could have been a lot more of the fund if Scotland's interests had been taken care of by the United Kingdom Government. Our fishing communities catch more than 70 per cent of Britain's total catch; if they were better supported, that would benefit many of the coastal communities that Claudia Beamish mentioned.

As members have no other comments, does the committee agree that it does not wish to make any recommendations on the regulations?

Members indicated agreement.

Scotland's Rural College

09:34

The Convener: Agenda item 3 is to hear evidence from the chair and the executive management team of SRUC—Scotland's Rural College. I welcome the chair, Patrick Machray; the acting chief executive, Janet Swadling; the vice-principal for research, Geoff Simm; the interim head of professional services, Alasdair Cox; and the managing director of SAC Consulting Ltd, Mike Wijnberg. We are in a small committee room, so it is very cosy.

We have questions on a number of areas of your activities. We will start by asking about the veterinary disease surveillance centres and, in particular, the centre in Inverness. Will you give us the latest update on the plans for the VDSC at Drummond Hill and veterinary service provision in the Highlands?

Janet Swadling (Scotland's Rural College): Thank you very much for inviting us to come along. We welcome the opportunity to give evidence.

As you know, the Cabinet Secretary for Rural Affairs, Food and Environment has recently written in relation to the work on veterinary disease surveillance. We have continued to work very closely with the Scottish Government and the independent strategic management board, and we are keen to develop a national strategy on disease surveillance.

It would be appropriate for me to hand over to my colleague, Mike Wijnberg, to deal further with the question.

Mike Wijnberg (Scotland's Rural College): Good morning. We went through a consultation process over the summer and have modified our thoughts on where, from a strategic point of view, we will go. Our ambition in Inverness is consistent with some of those updated thoughts. We would like there to be a Scotland-wide network of facilities where we can gather post-mortem material.

We are looking to move to a facility close to Inverness that would do post mortems and provide an on-going service to the farming community in the area. We are currently exploring at least four specific routes and are considering facilities that can be converted to provide the service that is required. Where we are at the moment is that that work has reached the outline planning stage. Our intention is that there will, when we get to the point at which we have a facility to move to, be no interruption to the service: we will just move from one facility to the other.

The Convener: The follow-on from that is twofold. First, is it cost-effective to move? Secondly, will there be a similar number of employees working in veterinary surveillance?

Mike Wijnberg: As far as the cost-effectiveness of the move is concerned, the answer is yes. As I said, we are in the process of working through a number of different options, but we have clear ideas about where we need to be in relation to cost. At this early stage, it looks as though that is doable with the options that we are looking at.

As far as the number of people is concerned, the issue is that the move to the new facility to provide a post-mortem operation will not take place at the same time as the epidemiology research unit will move to the new campus of the University of the Highlands and Islands, which we anticipate will take place in the first quarter of next year. A lot of people will move in that direction. In broad terms, the number of employees will be very similar, although it is likely that some positions at the disease surveillance centre will be at risk. We will explore routes to redeploy those people among our operations in that area.

The Convener: How many people are likely to be affected by any such move?

Mike Wijnberg: I cannot give you an exact number—just over a handful of positions would be at risk.

The Convener: How many people are employed there?

Mike Wijnberg: On the whole site, in the region of 46 people are employed.

The Convener: How many are involved in the PM work?

Mike Wijnberg: We have 15 staff involved in PM work.

The Convener: So, we are talking about half of those people.

Mike Wijnberg: Yes. We have managed to place slightly more than half the staff—they will automatically fit into our plan. There will be a few positions left, and we will need to think through precisely how we will deal with those. We have some options on how to approach that.

Claudia Beamish: I seek reassurance on the marine aspects of the work, which I understand are based at the facility that we are talking about. That work is important for the future, so will someone clarify the position on that for the committee?

Mike Wijnberg: Marine work is integral to our plans, and the team will continue to operate out of the same facility.

Claudia Beamish: Thank you.

Dave Thompson (Skye, Lochaber and Badenoch) (SNP): Good morning to you all. I will follow up on the numbers in Inverness. A new post mortem facility is being created and the other folk are moving to the University of the Highlands and Islands campus, which is all fine. It is also good to hear about the marine animal stranding plans. However, it sounds as though, if you are to lose about half of the 15 people, your capacity to do post mortems and so on will be reduced, perhaps by a commensurate amount. What are you doing now that you will not be doing in the future?

Mike Wijnberg: First, I will provide a little bit of relevant background by way of an example. A man brings in a cow and a veterinary surgeon carries out the post mortem. Samples may be collected and sent off for various tests. Historically, each of the eight surveillance centres have provided the facility to do a range of tests—microbiology, faecal egg counts or whatever was appropriate for the particular case. However, testing is becoming more sophisticated, and there are market demands in terms of turnaround times, of competitiveness and getting down the unit price of testing, and of availability of the equipment, which is expensive. Our direction of travel now is that we will be trying, as part of our wider strategy, to concentrate testing in one or two facilities, rather than having each lab equipped similarly and, in effect, providing duplicate facilities.

Our intention for the wider strategy is to have satellite facilities around the country where material can be gathered—so the dead cow has somewhere to go to without having to travel too far. Once the post mortem is done, the samples that are collected will be sent to a centralised laboratory that uses the most modern technology.

Dave Thompson: Thank you. I understand the logic—there is a lot sense in that approach. The jobs that will go from Inverness will, in the main, be lab testing jobs. Perhaps some fairly senior people are doing that work. Did you consider locating the central laboratory facilities in the north? Having centralised facilities does not always have to mean that they are located in the central belt.

Mike Wijnberg: No—it certainly does not have to mean that facilities have to be located in the central belt. I have a few points to make in that regard. First, we are talking about some jobs being at risk—we are not talking about any jobs definitely going. We are putting considerable effort into exploring the avenues for every job. Each will be looked at on its merits, and whether we can redeploy or retrain the person will come into the frame. That is important.

Secondly, as far as the location of any centralised facility is concerned, we are looking at a strategy for the whole of Scotland, not just for the north—although we clearly give significant thought to where things go specifically in the north. It is unlikely that we will concentrate our whole operation in a central laboratory up there. We have considered that, but the implication in moving our current staff from our main laboratory function in Midlothian would be significant. It is unlikely that we would move them all—clearly, there are all sorts of implications as far as the number of people is concerned, the costs of moving them, the likelihood of their moving and the loss of expertise that would be associated with that.

Janet Swadling: As Mike Wijnberg has explained, the nature of our business is changing. In recognising that and the opportunities that the move to the new campus presents, my colleague Geoff Simm, with a number of our team and Highlands and Islands Enterprise, recently ran a significant event looking at new opportunities. My colleague Geoff Simm could expand on that.

09:45

The Convener: I ask you to make your comments pertinent to PM work. We know that the work that goes to the University of the Highlands and Islands will be of a high standard. There is no argument about that and we very much welcome it. However, in previous years, the Scottish Government has had to allocate additional funding to disease surveillance because the total cost has been over budget. With the new plan and the new site, will additional funding still be needed? The committee is focusing on that.

Mike Wijnberg: Over the past three to four years, our funding from the Scottish Government has been cut; the truth is that we have had to deal with a smaller budget. Funds from the Government through the grant-in-aid scheme and contributions from contingency funding have not been able to meet our full requirements, so we have been under pressure. The consultation this year was brought about because, when we were told that the contingency funding would not be provided we were, in effect, staring in the face of a 10 per cent cut, which gave the situation some urgency.

As for whether our proposal will achieve savings, we will be in a better position than we were, but we will still be under significant pressure in doing everything that we intend to do. You will understand that when we consulted in June, maintaining a presence in Inverness was not our first choice, based on the numbers. I expect that we will continue to be under pressure to look for savings in other parts of the business.

Graeme Dey (Angus South) (SNP): It would be useful to know whether we are hearing a commitment to your having an appropriate footprint in rural settings across Scotland. Are you committing to that today?

Mike Wijnberg: That is our ambition. Contrary to what has happened in England, where a significant number of disease surveillance centres have been closed, our ambition is to keep a presence around Scotland. That will mean that the man with the sick cow can take that animal somewhere that is within a reasonable distance. We would split up the tasks; we would ensure that post mortems could be done in localities that farmers can get to, and lab testing would, over the longer term, be moved to a centralised facility.

Graeme Dey: Would it be reasonable to expect that our successor committee, or committees, will not to have to revisit the situation in a few years?

Mike Wijnberg: I hope so—but we are all conscious that the Government funding that we receive is under pressure. It would be remiss of me not to say that if funding were to come under more pressure we would have to consider that and adapt to it.

The Convener: I am thinking about a shortfall in funding and the need to cut your cloth accordingly. What impact would a shortfall have on veterinary disease surveillance centres? Given that you are making wider decisions about disposal of assets and your strategic direction, if you have to dispose of assets, will Drummond Hill be part of the assets that you intend to use to meet a shortfall or the costs of change?

Mike Wijnberg: That will fit into our thinking. Drummond Hill will contribute and such funds will be required to support the move to the new campus.

The Convener: We will move on to wider questions about governance.

Jim Hume (South Scotland) (LD): Good morning, everybody. There are concerns about the lack of alignment between SRUC and the University of Edinburgh. All of us had heard how important that partnership was to be, and it was a central plank of SRUC's strategic plan for 2013 to 2018. I declare an interest as I am an alumnus of an SRUC predecessor and I have an interest in a farming business in the Borders that uses SAC Consulting.

Obviously, after some time the alignment failed to go ahead back in—I think—June. The committee wrote to Tim O'Shea, the principal of the University of Edinburgh, who stated:

"After careful consideration at Court, it was clear that the level of control over future operations required by the

SRUC Board was only consistent with the continued operation of SRUC as a wholly autonomous institution."

The University of Edinburgh court papers of May 2015 state with regard to the alignment that

"A detailed risk register is being maintained for the project. The main risks at this stage relate to the participation and commitment of SRUC to the measures required to ensure ongoing financial stability, together with the quality and availability of the information needed to support our decision-making process."

What were the governance arrangements that SRUC proposed that led to the failure of the strategic alignment with the University of Edinburgh?

Janet Swadling: I am happy to answer that question. As an institution, we have enjoyed a very strong and close working relationship with the University of Edinburgh for a very long time. Indeed, we entered into the research excellence framework together, which proved to be extremely successful. It seemed to be a natural progression to explore strategic alignment, which we were clear was our preferred plan and which we worked on in some detail for 15 months. We exchanged information in a very detailed manner but, from the outset, our board was clear that it was important, not least because SRUC had only just come together as a joined organisation, that we wanted to keep the tertiary nature of SRUC. We wanted to keep the integrity of all the functions, including research, consultancy and the full educational ladder, and it was appropriate to ensure that there were governance and protection mechanisms for that.

From the outset, we had been seeking to ensure that we would have an appropriate board that would clearly be reporting to the university court but would nevertheless be able to have representation from the various stakeholders with an interest in SRUC and to keep close links with industry. We were also clear that it was important to maintain a commercial board, given the importance of our commercial activities as an institution, and that those were the key parts of the governance that were clearly required from the outset. As we progressed through the discussions, we certainly saw a significant number of academic benefits but, as we moved to the final stages of discussions, it did not prove possible to reach agreement about the appropriate governance arrangements.

Jim Hume: I am sure that other members will come in on this. Can I clarify that the threat was that you would lose control to the University of Edinburgh as it would take up some of SRUC's functions, which we are all aware are quite wide, and that you wanted to retain the board and the management structure as it was?

Janet Swadling: No—we were not seeking to retain the management structure exactly as it was. It is important to be clear that we recognised throughout that the University of Edinburgh court would be the key body and that any board that was established to look after SRUC—or whatever it would be called—would report to that main court. Nevertheless, it was important to ensure that, within the governance of the university, there would be mechanisms to protect the longevity of the functions that we cover so that we could continue to deliver for the industry in its widest possible sense.

Dave Thompson: Given that finances are a problem for you, I would like to tease out one or two things about what might have happened if you had gone ahead with the merger.

I presume that the merger would have been a big opportunity to reduce governance and management overheads. I am looking at your financial statements and I must say that your senior people and directors are very well paid indeed. Huge amounts of money go to executive directors and others. I do not want to be personal, but even the five of you who are sitting here probably get—maybe I have got my calculations wrong—at least three quarters of a million pounds a year. Would it not have been financially advantageous for you to have gone through with the merger and to have cut those management costs considerably?

Patrick Machray (Scotland's Rural College): Thank you for that question. The reality is that we examine our management costs over the piece all the time. Despite the fact that SAC merged with three other colleges, we reduced our executive management costs, which you can see if you look at the overall numbers. We have done quite well to control them.

The reality is that we need leadership in our organisation. That leadership has benefited us greatly in what we have been able to deliver in terms of the research excellence framework and other matters. The board is content that management costs are well controlled. If you look at them overall, you see that we have reduced management costs and have not increased management numbers. We have done quite well.

If we broaden the discussion to the merger with the University of Edinburgh, there is no doubt that it would not have gone ahead without considerable management costs. The individual component parts of SRUC would still need to be managed and led. Edinburgh would have had no desire—I can only assume—to remove any members of the executive management team from their roles, because it saw them as fundamental to the progress that the organisation has made.

Dave Thompson: I noticed that the total figure for directors' remuneration is about £1 million a year. We were told earlier that there could be job losses and maybe folk will be redeployed in the Inverness area at a much lower level in the organisation. It strikes me, as someone who is not familiar with the pay levels of organisations such as yours, that your pay levels are not exactly frugal.

Patrick Machray: It is fair to say that the appointments remuneration committee considers our executive salaries to be in line with what you would expect in an organisation of our scale. Another point is that in 2014, the total for remuneration was £934,000, but in 2015 it was £735,000—it came down.

The Convener: Why did it come down?

Janet Swadling: We reduced the size of the executive management team. On the discussions with Edinburgh, speaking personally I can say that we pursued a merger actively as very much our preferred plan. The executive management team certainly wished to pursue that and at no stage in any discussion was there any suggestion that we needed to continue as an independent organisation to protect individual positions.

Michael Russell (Argyll and Bute) (SNP): I will tackle two questions briefly, the first of which is on salaries. As Janet Swadling will know, for she and I have known each other for a long period, it is on record that I am strongly opposed to what I regard as the inflation in higher education salaries, particularly at the top end of the scale. You recently advertised the post of principal and chief executive. What salary do you suggest is appropriate for that role?

Patrick Machray: It will depend on the individual who comes forward, but we expect it to be around the £200,000 mark.

Michael Russell: Have you any evidence that you would fail to recruit were you to offer a salary more commensurate with those in industry? That is a high salary. What is the present salary scale for that post?

10:00

Patrick Machray: We have taken advice on that from our recruitment agency, which is content that we need to be at that level to attract the individual we require for the organisation in terms of leadership.

Michael Russell: I feared as much. To be blunt, the interests of recruitment agencies are to talk up salaries because the percentage that they are paid often depends on the salary of the post. Have you any evidence, knowing your organisation—you had, unfortunately, a principal who left, for

whatever reasons—that you require to offer a salary of that level in order to get a leader for the organisation who will take you forward?

Patrick Machray: The unique nature of SRUC, with all its different aspects, means that it is a little bit different; it does not have just one function but is an education, research and consultancy organisation. The person we are looking for will be fairly unique and therefore the evidence is fairly difficult to find—that is my honest answer to your question.

Michael Russell: You must admit that that is an opinion and not evidence. To be fair and very straight about it, I think that there is considerable scepticism about whether the level of salaries being paid is necessary within any higher education institution, including your own.

The University of Edinburgh merger concerns me. The principal of the university said in his letter of 17 November:

“After careful consideration at Court, it was clear that the level of control over future operations required by the SRUC Board was only consistent with the continued operation of SRUC as a wholly autonomous institution.”

I understand from that that the 15 months of discussion could not produce a structure that allowed SRUC to integrate into one of the world's leading universities, which wanted to have a rural university structure. You are familiar with the concept of rural universities in the rest of the world, and it is viewed in Scotland as very desirable to have one. Surely that indicates that there was something wrong in those discussions and that there is something wrong in how the SRUC sees itself if it cannot provide the functions of a full rural university because of its structure and the views of its board.

Patrick Machray: It would be unjust to assume that. The board was very concerned about the stakeholders, whom we also represent. As Janet Swadling said, we laid out right at the beginning what we thought the structure should look like. There were compromises in that for the university to consider, but it did not want to take those forward. We did not think that the compromises were particularly onerous, because it was more about us ensuring from an industry point of view that the university was not compromised in any way, shape or form going forward. As I said, what we thought the structure should look like was put on the table on day 1. We spoke about looking for a way forward, but we could not get that way forward. I have to respect the university's views, just as it respected our views.

Michael Russell: As a last point, I just want you to comment on this analysis. I am a supporter of SRUC.

Patrick Machray: I appreciate that.

Michael Russell: You worked closely with your previous chair and board. However, it seems to me that you have a considerable problem. You were a stand-alone organisation with two parts—SRUC and the consulting arm—and you absorbed three colleges, which I think was the right thing to do. You then had a period under a principal when there was a bit of vagueness but you were looking for degree-awarding powers. That was a key ambition, because you were looking for not just ordinary degree-awarding powers but research degree-awarding powers, which were being discussed. Then you decided that you would go into a merger with the University of Edinburgh and continue to pursue degree-awarding powers, and then you were not pursuing them. Now—who knows?

It seems to me that there is a vagueness about what your purpose is and a vagueness about the next step. You may be looking to a new principal and chief executive to help you decide about that, but it is a matter of danger for you in two ways. First, there is a space in Scotland for a full rural university; you were discussing these matters with Chinese universities and others. Maybe another Scottish university will fulfil that function—maybe it will be the one that you are no longer merging with. That is a danger to you.

Secondly, you have talked about sustaining industry, which I think you do, but it is not clear what your functions are as an academic institution. I think that we need some clarity on that.

Janet Swadling: We pursued the discussions with the University of Edinburgh because of our very strong and close working relationship with it. We could not have gone into any more detail. At the outset, we were very clear about the need for governance that would enable us to sustain agricultural, land-based and rural activities within the university. That was against a background of the university having previously come out of agriculture, which was one of the fundamental concerns from the outset. The fact that, as we worked through those discussions and towards the end of them, we could not crystallise that appropriately was a point of significant concern for all of us.

Michael Russell: Does your view differ from Tim O'Shea's analysis? He has said that

“the level of control over future operations required by the SRUC Board was only consistent with the continued operations of SRUC as a wholly autonomous institution”.

You appear to be saying that the University of Edinburgh was in some sense not entirely serious about its commitment to the land-based industries. Is that what you are saying?

Janet Swadling: I am saying that we were seeking protection mechanisms for the future.

Michael Russell: Do you accept that even your friends—I count myself as a friend of SRUC—would look at the organisation and say that you have lost your way and need to find it again pretty fast?

Janet Swadling: No. We have definitely regrouped after the university's decision. We are very clear that we have a strong future as an independent organisation and that we have a role of national strategic importance to deliver on. We have always said that the next step in the journey for Scotland's Rural College is for it to become Scotland's rural university college, and we are actively pursuing whether we should seek our own degree-awarding powers. We have discussed that with the Scottish Further and Higher Education Funding Council and we have begun discussions with the Scottish Government.

It would be helpful for us to know whether there is support for that move, because we are in effect at a fork in the road. If there is support for it and for having a dedicated agricultural, land-based rural university for Scotland that provides the appropriate focus and has longevity and protection for the future, where similar activities could be focused, we believe that a strong future could be developed for that. That is the stage that we are at. If there is not support for our pursuing degree-awarding powers, that will have a fundamental bearing on our strategic future, because it will mean that we will need to look at our alliances.

It is extremely important to put it on record that, although we have enjoyed a strong relationship with the University of Edinburgh, we have also enjoyed a strong relationship with the University of Glasgow. Only some 13 per cent of our degree provision is accredited by the University of Edinburgh; 87 per cent is accredited by the University of Glasgow. We also previously had a strong relationship with the University of Aberdeen, where there was accreditation. Those universities have all previously been strong players and continue to have particular strengths in veterinary areas and areas to do with the land, but it is important to ensure a focus for such activities into the future. I think that we have a strength in our vision.

Michael Russell: Glasgow School of Art has no degree-awarding powers, so its degrees are awarded by the University of Glasgow, and that is a stable situation.

In principle, I am still concerned. I am hearing that you might or might not want degree-awarding powers, which will depend on whether other people support that rather than on the result of a discussion within SRUC. I am also hearing that you might or might not have a partnership with Glasgow, Edinburgh or Aberdeen university. More clarity is needed about your strategic direction. I

am not saying that we need that today, but I am concerned by what I hear.

Alex Fergusson (Galloway and West Dumfries) (Con): I will begin with a supplementary question that comes out of Mr Russell's questioning. He mentioned that the absorption of the three independent colleges some years ago was the right thing to do. I was not quite as convinced at the time that it was the right thing to do. What impact did that absorption have on your governance structures? Do some of the issues that we are exploring date back to that?

Janet Swadling: The merger to form SRUC was particularly challenging. Four institutions were brought together. In governance terms, we achieved that technically by merging Barony College, Elmwood College and Oatridge College into the legal entity of the Scottish Agricultural College, but we were clear that we wanted to launch a new institution, in effect. That is why we changed the name to Scotland's Rural College or SRUC. The "U" was there because the long-term intention at that stage was that the institution could become a university.

On merger, we adopted governance arrangements to recognise the importance of education and research, with dedicated boards. That proved to be particularly relevant. However, to streamline our governance and achieve the efficiencies that have been referred to, we subsequently changed to an academic board.

It is important to say that, during the merger period, there had to be a lot of focus on rationalising, changing and developing a new culture for the organisation and a set of shared values. Perhaps it is better to look at what the funding council said. It said that that approach had been a success, but it recognised our on-going estates and finance issues.

We have been through an effective governance review at the board level. It is important to say that we have an academic board, which we have just strengthened. It will meet again tomorrow.

There is a vibrancy in the organisation now about developing the academic strategy for the future. We have a clear focus on the fact that we would like to seek degree-awarding powers, because we see that that would provide an assurance about our future and an ability to develop our independence. The fact that we cannot play on a level playing field on the international stage is one of the things that hamper us. We seek to increase our number of international students.

Alex Fergusson: I am grateful for that answer. I think that we will come on to the impact on one or two of the individual colleges later.

You have mentioned several times that you have three key aims—education, research and consultancy services. How do you prioritise them in the governance structure? How are any priorities in the governance structure reflected in it?

Janet Swadling: We give the functions equal weight in the governance structure. It would be fair to say that education matters dominated board business as we worked through the merger. As a result, one of the activities that we undertook was to set up a dedicated board to look specifically at consulting activities. We have now embedded that in our governance structure in the form of the SAC commercial board, which looks predominantly at the consultancy activity and the commercial research activity. We give the three functions equal weight.

Alex Fergusson: More generally, there has been a code of good higher education governance since 2012, which is being reviewed. Has that code impacted on you in any way? Do you wish to see any significant changes in the review?

Janet Swadling: The code has impacted on us, and we are now fully compliant with it. One of the major changes that we had to make was to bring student and staff representation on to the main board, which we did and have found to be very effective. We have welcomed that.

10:15

Jim Hume: You said that education is your prime function, or words to that effect, but the vice-principal for education retired in June and the vacancy has not been filled. Why is that and how has that been managed?

Janet Swadling: That is true. When David McKenzie retired, we decided that it would be appropriate for the two assistant principals in the education division—one looks after higher education and one looks after further education—to act up and, together with me, run the division.

We are actively considering how we take forward our academic affairs in the institution. The executive management team has been looking to strengthen our cross-divisional working. In particular, we have been considering how to strengthen the cross-divisional working between education and research.

The Convener: No one has been in the vice-principal for education post for a number of months and you are still recruiting a new principal and chief executive. Is that one reason why the bill for the top people was not so hefty in the past year? Has the delay in appointing to those posts reduced your costs?

Janet Swadling: No, I do not think—

The Convener: That would suggest that we have saved money on salaries. Mr Machray said that the figure went down from £900,000 to about £750,000 in one year. Is that part of the reason for the reduction?

Janet Swadling: We have restructured the executive management team and we will be looking to keep it as lean as possible in the future.

The Convener: As you have explained to us, education is pretty central to your aims and to the governance arrangements and so on. In your approach to appointing someone to do the job of principal and chief executive, are you thinking about the academic background that successful candidates might have to be able to take forward that key area of your operation?

Janet Swadling: We need a rounded set of skills for the management of the organisation. It is pivotal that there is appropriate academic leadership. On our executive management team, Geoff Simm leads on academic matters. I would need to hand over to Patrick Machray on the skill set for the principal and chief executive, but it is important to make it clear that I am not a candidate for that role, if that is part of the questioning.

The Convener: I was not alluding to that. When education is so central, it is important to have a senior academic on the executive team. I do not know whether Geoff Simm's experience is in research or something else, but the business of getting people through the doors at the basic level is the only way in which you will have a college that becomes a university. Does Professor Simm want to comment on that?

Professor Geoff Simm (Scotland's Rural College): I am happy to do so. I have experience in education, and particularly postgraduate education, but my primary experience is in research. It is central that we have experience that spans each of the functions. As Janet Swadling said, we are seeking to achieve that in the new appointment and in the wider executive team.

Janet Swadling also referred to the fact that, although our current structure has many advantages, it has possibly weakened some of the linkages across divisions. We feel that we have a strong contribution to make to tackling some really important local and global challenges in food security, environmental security and resource use efficiency. Our unique selling point is the combination of consulting, research and education skills. A clear aim of our future strategy is to maximise the benefit of having those functions in a single organisation.

Patrick Machray: As Janet Swadling pointed out, we now have two very capable people dealing with further and higher education, whom she is

managing successfully. We took views from all the staff on the chief executive and principal and we engaged them in the process of putting together the job specification. That specification sets out a clear academic need, if you will, which we fully recognise is extremely important.

The Convener: That is helpful.

Graeme Dey: For clarity, will you say how many members the executive team has in total and how many of them have expertise in education, research and consultancy?

Janet Swadling: There are four of us, and we are all here this morning.

The Convener: Claudia Beamish will ask about assets and so on.

Claudia Beamish: I understand that SRUC is selling or might have already sold a number of assets, including Elmwood farm in Fife, Carse of Ae fish farm in Dumfriesshire, West woods in Aberdeenshire and Boghall farm and farmhouse in Midlothian. According to the Scottish Parliament information centre, the closing date for those sales was the end of October. How were the assets selected for sale? Will you provide an update on them? Are the sales crucial to the organisation's stability, and will they have an impact on further and higher education provision?

Janet Swadling: Thank you for the question.

Claudia Beamish: I am happy to reiterate the individual sales if you want me to.

Janet Swadling: That might be helpful.

Claudia Beamish: I just wanted to ask the question in the round.

Janet Swadling: When we were SAC, we recognised that we had excess assets. When the merger happened and the current organisation was brought together, it became clear that we had more than twice what we needed and had a number of excess assets. We did a lot of detailed work on the matter throughout much of 2014, which resulted in our putting together an infrastructure strategy to identify the assets that were surplus to requirements and which had no direct impact on any of our operational functions. Those assets were identified, taken to the board and approved for disposal.

It is fair to say that none of the disposals of assets that we have made has required us to displace activity. We have concluded a number of sales in recent weeks. However, although a number have been finalised, some are still with the lawyers awaiting the finalisation of various aspects, which depend on the offers that have been made.

Claudia Beamish: Which sales have reached completion?

Janet Swadling: I ask Alasdair Cox to give the detail.

Alasdair Cox (Scotland's Rural College): All the properties that Claudia Beamish mentioned are the subject of discussions with the preferred bidders and are going through the legal process.

Claudia Beamish: Are there any more sales in the pipeline?

Janet Swadling: I can confirm that there will be more asset sales.

Claudia Beamish: Can you tell the committee today or at least put in writing for us what assets will be sold?

Janet Swadling: We can confirm that.

Claudia Beamish: Today or in writing?

Janet Swadling: It would be easier to confirm them in writing.

Claudia Beamish: Could you or one of your colleagues tell us whether the sales will have an impact on the delivery of further and higher education? You have said that they will not affect anything, but I seek reassurance.

Janet Swadling: The sale of assets to date will have no direct impact on delivery.

Claudia Beamish: I will go into the detail if necessary, but you will no doubt be aware of concerns about Barony College that were expressed in questions to the cabinet secretary in the Scottish Parliament on 7 October. Is the Barony campus going to remain a key part of future plans, and how do you propose to ensure that FE provision continues on the site?

Janet Swadling: Ensuring delivery in the west of Scotland will remain a key part of our plans. We recognise the importance of FE and skills delivery in the south-west, particularly Dumfries. We have been working with colleagues in Dumfries on the options for taking things forward.

We have seen successful research activity at Crichton Royal farm, which is adjacent to the Crichton campus. We have a successful consultancy office, which is also based there. Wherever possible, we try to co-locate our activities because we see the benefits, particularly for students who want to experience research and consultancy activities. In working through things, we have also learned that it is important to co-locate with educational partners wherever possible.

I am pleased to say that we enjoy a good working relationship with Dumfries and Galloway College and that we are in active discussions with

it about how we could collaborate further. We have identified that a possible preferred option would be to relocate to the Crichton campus, and we are in the process of reviewing that option with reference to our student numbers and the student activities that we perform.

It is important that we refer to the “National Strategy for Land-based Education and Training”. The document, which was published in August, looked at a significant number of areas and involved feedback from employers. We are reviewing our infrastructure strategy in light of the document to see what we can take forward.

I therefore assure the committee that we are looking to confirm that there will be activity in the west and we expect that to be in Dumfries. We are also working through the options that the Crichton campus presents.

Claudia Beamish: Thank you. You have not answered my specific question, although you have given me a lot of helpful detail. Can you deal with my question about reassurance on the Barony campus?

Janet Swadling: Well, I am giving reassurance that there will be activity in the south-west, in Dumfries and probably at Crichton. Continuing at the Barony campus is not our currently preferred option.

Claudia Beamish: Thank you.

Jim Hume: I am sure that the issue has been discussed in a lot of detail. I should perhaps state that I am well aware of Barony College because my two sons went there, although that was quite a long time ago. My father also went to whatever Barony’s predecessor was in those days.

The Crichton institute has very much concentrated on dairy, but the Barony campus has quite a large farm, and agricultural engineering, forestry and all sorts of important things also happen at the Barony. Like my fellow South of Scotland MSP, I am concerned about the Barony campus because we are well aware of its importance to the area. Have you made a decision about keeping the Barony farm and all its activities? If there was a move to Crichton, could all those activities be moved there? I cannot see how that could be done.

Janet Swadling: We have not made final decisions. We are working through our options. It is worth saying that, like others, we are working in an environment in which our future funding is not entirely clear. We need to be clear that we can afford to continue to do what we plan to do in the future.

On the buildings at the Barony, it is worth saying that the conditions survey that was undertaken after the merger suggested that we do not have

available the money that would need to be reinvested. We discussed that with the funding council and were encouraged to explore the Crichton campus option.

10:30

Alex Fergusson: There is a slightly parochial aspect to my question because I represent the western half of Dumfries and Galloway, where forestry is of immense importance. Barony College plays an important role in forestry education, particularly from a practical perspective. I am open-minded about restructuring and I can understand the possible need to do so. However, can you give me an assurance that the courses that are available through the Barony, particularly in forestry, will not be diminished by any structural changes that you make?

Janet Swadling: I refer back to the “National Land-based Strategy on Education and Training”, because that provides some pointers on what we need to do.

We recognise the significance and importance of forestry to the area. We also acknowledge the Scottish school of forestry at Inverness College. I am pleased to say that we have had collaborative dialogue and I think that we envisage that there is a role for both institutions to continue with forestry, given the geographical distance between them.

We would like to improve our links with the Forestry Commission in the area so that we can ensure that we are as joined up as possible and delivering the practical training that we recognise is necessary.

Alex Fergusson: That is not quite the categorical assurance that I was looking for. I will monitor the situation quite carefully as it goes forward because I cannot overstate the importance of practical forestry training in the south-west of Scotland.

Michael Russell: That typifies the problem that I have, which I will reiterate. Nobody doubts that there are considerable financial pressures on you. Nobody doubts that you have inherited an estate that is by no means ideal. You have buildings here and buildings there; it is difficult. However, the committee experienced the same problem—I certainly experienced it—when we had the first discussion with your staff about the veterinary service. The problem is that it is really difficult to know what you intend to do. I believe it that comes back to a lack of a strategic vision or plan. If you have decided to dispense with Barony College—which may be very regrettable but necessary within the plan—it would be best to say, “Yes, that’s what we’ve decided to do”, take the consequences of the political row that will then

take place and, at the end of the day, do it or not do it.

I would say something similar if you decided not to deliver forestry. I think that that would be wrong, in terms of the forestry's needs; in fact, I think that you need to improve and increase your forestry delivery, because people tell me that they want different forestry training. However, we need clarity on what you intend to do and when you intend to do it. With the greatest respect, I believe that your problem is that you do not know that, because you do not have clarity in a strategic plan. You either have one partner or another—you are not sure which. You are delivering either training or high-level education, and you do not know which or whether you should do both. That is an observation, but I think that you have illustrated today the uncertainty that needs to be resolved to provide a secure future.

Patrick Machray: I take on board those comments. Having been about six weeks in the chair, my view is that we need to establish that clarity very quickly. Despite the fact that we are looking for a new chief executive and principal, I am content that, in Janet Swadling, we have a very able individual who will shape that process.

We have just come through a period in which we parked up because we were letting the alignment process come to a conclusion. It concluded in June. Since then, we have changed the chair and the board—we have new members on our board. We are very clear that we need to get that vision clearly established for everyone concerned, including our staff. We are working very hard on that at the moment. We have some strands of what that should look like, and degree-awarding powers are a core part of that. As chair, it would be foolhardy of me to say, within six weeks, "Here is the plan." I would rather give it time, and I would like to think that the committee might give me time to make that happen; I would also like to think that we would give you that clarity very soon.

Michael Russell: That is extremely helpful. I am very grateful that Mr Machray recognises that this is a core problem. With the greatest respect, SRUC cannot be parked up for long. The tyres are losing air and people are going past you, so you need to get out of the lay-by as quickly as possible. You also need to know where you are going. You cannot just wander out of the lay-by and ask what is next—you will get run down if you do that.

Patrick Machray: I would like to give the committee the sense that the board is very clear about that. When I convened my first board meeting in October, I made exactly what you said clear to the board. It is fair to say that we have to get clarity on our vision and we have to be very

direct about it. At that point, I said that we will have to face up to making tough decisions that will not always be popular—I realise that. However, that will not mean that they will be the wrong decisions. We need to get clarity. Bear with us: clarity will come through very soon.

Graeme Dey: In terms of clarity and vision, sometimes things outwith your control happen that create a problem. I understand that Fife College has indicated that it intends to vacate the Elmwood campus in August 2016. I seek reassurance on the impact on and the commitment to on-going SRUC-delivered courses at that location. I seek that reassurance as the constituency MSP for Angus South, from where some of your students are drawn. We must recognise that just because a college is located in a particular place, that does not mean that it does not draw from and therefore impact on a wider area. I would like to explore that subject with you.

Janet Swadling: After we merged, Elmwood College became part of SRUC. For the first year, the totality of Elmwood College was within SRUC. Then we demerged about 40, 45 or 50 per cent of it back to Fife College. Throughout that process, we envisaged that we would have a collaborative arrangement and be co-located. We now have a decision from Fife College that it intends to come out of the Elmwood campus next summer, which clearly will have a substantial bearing on what we do, given the significant size of the site. That is a fundamental change and we have to work through what the implications will be.

The implications of the national land-based strategy are beginning to come through. We have had some dialogue with the principal of Fife College and we are in active dialogue with Fife Council about what might be the options in taking forward the change. Would it make more sense, from a management perspective, for some of the provision that we undertake be undertaken by others?

It is early days. We only received the decision in the past few weeks. We are actively working through what it means.

Graeme Dey: When you talk about delivery by others, do you mean delivery at other locations or on that campus?

Janet Swadling: I do not know.

Graeme Dey: I appreciate the difficulties, given that the issue has just arisen, but that will not offer much in the way of reassurance to your staff or students.

Janet Swadling: I know, but we have not been able to achieve the student number targets at the Elmwood campus this year. They have been running at approximately 70 per cent for both FE

and HE. That is a factor. We need to understand why that has arisen and what its implications are. On the overall picture, we need to understand what is appropriate for SRUC, in terms of future delivery.

Graeme Dey: I take your point about student numbers, but some courses are fully subscribed and one is oversubscribed. To take up Michael Russell's point about expansion of forestry delivery, is there not an argument that you could run forestry courses at Elmwood? We have forests in the east as well as in the west.

Janet Swadling: That point has not arisen at all before, but I am certainly happy for us to look at it. However, a pertinent factor is the need to ensure that we have a critical mass of students. We need to have an appropriate number of students—to have that student body—to give students the student experience that they are looking for. Again, one of the challenges that we face is being able to bring together appropriate cohorts, not only from the point of view of the benchmark norm and what would be appropriate from an efficiency perspective but from the student experience angle.

Graeme Dey: I accept that, but is this not perhaps indicative of a failure in marketing the college and what it offers? It seems bizarre that you are struggling to attract numbers, given that the college is located close to the home of golf, for example, and only a few miles from the Angus glens, which is a gamekeeping centre. Does that not tell you that perhaps you need to be more active in marketing what the college offers?

Janet Swadling: It is something that I have looked into. We were very conscious of the fact that there was a mixture of identities at Cupar. I can absolutely assure you that we put more resource into marketing this year than we have done before—a disproportionate amount went into marketing—so I do not believe that the student numbers are a result of marketing problems.

Graeme Dey: Thank you for that information.

The Convener: We have a final question from Sarah Boyack.

Sarah Boyack (Lothian) (Lab): It has obviously been quite a difficult period financially, with quite a lot of uncertainty ahead. Has the failure of the strategic alignment with the University of Edinburgh presented a particular funding shortfall for SRUC? If so, how do you propose to mitigate it?

Janet Swadling: I would not say that it presents a funding shortfall. The alignment gave rise to potential opportunities, particularly around potential capital developments with the university. However, as regards our operational position, the margins that the university was asking us to

project were extremely significant. We have done and continue to do our own planning, but, like many others, we are awaiting the results today of the comprehensive spending review. What will the CSR give rise to, and what will be the resulting implications in Scotland?

We are currently scenario planning. We returned a small surplus last year of around 1.5 per cent of turnover—that is consistent with at least one of the ancients that I looked at. We are working very hard this year to try to achieve a similar position. It is not easy by any means, but I believe that the measures that we are taking and some of the restructuring that we are aware that we continue to need to do should put us in a position where we have a viable institution going into the future.

Sarah Boyack: That is helpful. Can you translate what you meant about the university margins being too tough? What does that mean in practice?

Janet Swadling: When we were working through some of the financial planning with the university, some of the margins that we were being asked to model were in the order of 5 per cent and 7 per cent.

The Convener: As they say, never say never. We have a final final question—oh, and then a final final final question. Angus MacDonald is first.

Angus MacDonald (Falkirk East) (SNP): Thank you. On the role of the Office of the Scottish Charity Regulator in overseeing the governance arrangements, you will be aware that recent reports by Audit Scotland have highlighted the need for robust and transparent governance arrangements. I am curious as to whether SRUC's governance arrangements fit in with OSCAR rules and whether any recent discussions have been held between SRUC and OSCAR about the governance structures at the college.

Janet Swadling: I am able to confirm categorically that our governance is absolutely compliant with OSCAR rules. We are a charity and we take those responsibilities very seriously. I can assure you that the people on the board are reminded annually of their responsibilities not only as directors but as trustees.

Angus MacDonald: I understand that there is no published report of any external assessment or audit of such compliance accompanying the accounts.

10:45

Janet Swadling: I believe that the statement within the accounts by the independent auditors, Ernst & Young, would be sufficient to give that reassurance.

Alex Fergusson: I have a brief question—I am going back to forestry, I am afraid. I think that I am right in saying that the only forestry degree available in Scotland at the moment is at the University of Aberdeen, which is looking to end that course and embed forestry in another part of its curriculum. Given the strategic importance of the forestry sector in Scotland, if you get degree-granting status, would you consider offering a degree in forestry?

Janet Swadling: Absolutely. That is exactly the type of activity where we could have a real role to play for Scotland in being able to provide for those specialist areas. You mention forestry, but we are also conscious of veterinary nursing as another area, and we are pleased to be working with Edinburgh College on the transfer of veterinary nursing and with North East Scotland College on veterinary and animal care course transfers.

We want to look to areas of growth. I know that we have talked today about a lot of our challenges, which are perhaps around restructuring, the selling of assets and so on. However, we really want to get ourselves into a position where we are strong as an institution so that we can build on our specialist nature and develop into those new areas where we are not served well in Scotland in relation to those qualifications.

The Convener: Thank you very much. We have been talking about issues of vital concern to the health of rural Scotland today, and I do not want to diminish the fact that everyone is concerned about spending from public sources to ensure that rural Scotland is healthy.

We also understand that the development of Scotland's Rural College is in a state of flux and you have elucidated some of the facts around that. We will reflect on your evidence and will communicate with you in due course. I thank Pat Machray, Janet Swadling and the team for coming.

We have to move on. The next meeting of the committee is tomorrow at 9 o'clock, when we will consider in private a draft stage 1 report on the Land Reform (Scotland) Bill. As previously agreed, the committee will now move into private session to consider the evidence that we have heard this morning.

10:47

Meeting continued in private until 12:58.

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