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Pàrlamaid na h-Alba

Official Report

EDUCATION AND CULTURE COMMITTEE

Tuesday 13 March 2012

Session 4

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EDUCATION AND CULTURE COMMITTEE
9th Meeting 2012, Session 4

CONVENER

*Stewart Maxwell (West Scotland) (SNP)

DEPUTY CONVENER

*Neil Findlay (Lothian) (Lab)

COMMITTEE MEMBERS

*Clare Adamson (Central Scotland) (SNP)
*Marco Biagi (Edinburgh Central) (SNP)
*Neil Bibby (West Scotland) (Lab)
*Joan McAlpine (South Scotland) (SNP)
*Liam McArthur (Orkney Islands) (LD)
*Liz Smith (Mid Scotland and Fife) (Con)
*Jean Urquhart (Highlands and Islands) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Professor Ferdinand von Prondzynski (Robert Gordon University)

CLERK TO THE COMMITTEE

Terry Shevlin

LOCATION

Committee Room 6

Scottish Parliament

Education and Culture Committee

Tuesday 13 March 2012

[The Convener *opened the meeting at 10:01*]

Higher Education Governance Review

The Convener (Stewart Maxwell): Good morning, and welcome to the ninth meeting in 2012 of the Education and Culture Committee. As usual, I remind members and those in the public gallery that mobile phones should be switched off at all times. We have received no apologies.

The only item of business is evidence taking on the "Report of the Review of Higher Education Governance in Scotland". The independent review was commissioned by the Scottish Government, and the review panel reported in January. The report contains 33 recommendations.

I welcome Professor Ferdinand von Prondzynski, who chaired the review panel. I believe that he has an opening statement to make.

Professor Ferdinand von Prondzynski (Robert Gordon University): Thank you very much, convener, but I was not aware that I was to make an opening statement.

The Convener: I offer you the opportunity to make one, if you wish to do so.

Professor von Prondzynski: I am happy to do so. Thank you very much for inviting me to give evidence, which I am also happy to do.

The process in which my colleagues—some of whom are behind me—and I were involved was important for the future of higher education. We were aware that it would be difficult to produce a report that everyone would find equally good, but we think that it is important to ensure that there are high levels of public confidence in the higher education system, and that that in turn is a major influence on the system's capacity to be successful in its mission. We also wanted to ensure that we did not simply produce a technical report. Therefore, we wanted to place it in context so that the overall ambitions for the sector that we all have could be reflected in the setting in which it finds itself—both in the development of education, and higher education specifically, and more generally in the constitution-related questions that currently arise. We approached our task in that way.

I am aware that some of our recommendations have been considered to be more controversial than others. I suspect that that is in the nature of such things and would have been hard to avoid, but if the recommendations are followed through and implemented, they will be of benefit to the system.

Liz Smith (Mid Scotland and Fife) (Con): Good morning, Professor von Prondzynski. You said that this is about instilling public confidence. One of the most important aims is to ensure that any changes will improve education in our universities. In the introduction to your report, you said that Scottish universities are doing extremely well. Will you put on the public record what in your reforms would deliver better education for our universities and result in their rising even further in the international rankings?

Professor von Prondzynski: As you rightly say, the quality of the education and the quality of scholarship that universities provide are of the highest importance, and we say in our report that Scottish universities have a significant record of success. It is easy to draw the conclusion that, because that is so, nothing at all should be addressed. Universities operate in an environment that is very different from that in which they operated when I became an academic in the early 1980s: huge demands are now made of universities in terms of public expectations, bureaucracy, reporting lines and so on that were not made then. It is therefore not unexpected that the way in which universities now operate is somewhat different from how they operated when I entered the profession.

In that setting, there is increasing public scrutiny of what universities do. Part of that, of course, involves the universities' performance in their educational mission and part of it involves how they present themselves to the public. We must remember that universities do not just educate students, although it is clear that that is their core business; they provide other functions, including the potential for supporting foreign direct investment, the stimulation of entrepreneurship, and the provision of a more inclusive society through getting people into the education system.

Given those complex demands on universities, there must be a high level of public confidence and, although the panel's unanimous view was that the performance of Scottish universities was good, we believed—we are not alone in this—that that could be compromised in the future by increasing external doubts and scepticism about universities' handling of certain issues. As a result, we sought to make recommendations that support universities and ensure that they can present themselves to the public in a way that instils the

highest confidence and helps to secure the reputation that they need to have.

We should, for example, bear in mind certain news stories over the past couple of years that, as they travelled around the world, would not have been presented internationally as good news stories about Scottish higher education. That would have been undoubtedly unfair to a certain extent. Nevertheless, it is very important for the system to be secure and transparent and to command a lot of public support and confidence if such risks are not to be magnified in future.

Liz Smith: Thank you for that detailed answer. I do not disagree with you—I certainly think that many things need to change. However, as I understand it, the concern in several quarters of the university sector is that the very radical reforms that you propose seem to be so radical that there needs to be specific justification about how they will benefit all those things that, as you have highlighted, universities do. After looking at your recommendations, I am not clear in my mind exactly how they will improve public profile and educational aspects. Can you be very specific about how you think your reforms will bring those greater benefits?

Professor von Prondzynski: First of all, I am not aware that the reservations that you have cited have been expressed in several quarters of the higher education system; indeed, I have heard only a small number of such views. I admit, however, that they have been expressed.

I am reluctant to agree that the proposals are all that radical. Leaving aside one proposal that I suspect you might want to come back to, I think that most of the rest are fairly standard corporate governance recommendations that have been applied—some time ago, in some cases—in the business sector. They are not very radical steps and, for the most part, they would not require very significant operational changes in the universities that would be affected by them if they were to be implemented. Given all that, I am not sure that I support the idea that this is a completely radical departure from the higher education sector's current position.

In so far as there are changes—and I admit that we have recommended changes—I think that the university sector's capacity to persuade stakeholders, which include not only politicians and the media but business, industry, potential students and others, that universities' decision making and affairs are run in a transparent and open way will make a difference. The kind of stories that we have read—some of which, as I have said, have not been fair—and the public commentary around them would have had an impact on people's confidence in the sector.

The universities' ability to attract the best students, not just from Scotland—although that is clearly vital—but from around the world, is severely influenced by how the system is seen in the public domain. In that respect, our proposals will make a difference. However, I point out that we looked at higher education governance; it was not, and is not, our job to make recommendations about programmes of education. That would be a completely different exercise. Your question is kind of leading the discussion in that direction, but that is not where we were. In the approach that we had to take—and indeed would have wanted to take—we wanted the Scottish higher education sector to be respected and considered as following best practice in corporate governance and management. I think that that really matters.

Liz Smith: In your opinion, are our governance structures not respected?

Professor von Prondzynski: There is no yes or no answer to that question. Certain issues have attracted media attention, newspaper editorials and other things. On the whole, Scottish universities are respected. They are run extremely well and have a very good record of achievement, and we rehearse some of that in our report. The fact that there are eight Scottish universities in the *Times Higher Education* top 400 in the world and five in the top 200 is significant, and Scotland is not matched by any other country in proportionate terms.

I do not contend that Scottish higher education lacks quality or somehow fails in comparison with other countries, but we must ensure that it is protected and sustained in the future by a high level of public confidence.

Liz Smith: Is there a problem in the higher education system as a whole, or are there issues with the governance structures of specific universities?

Professor von Prondzynski: The submissions that we received when we were undertaking our deliberations show that, although there is a certain amount of clustering around where dissatisfaction was expressed, wider general views were expressed that were not specific to particular institutions.

In the academic world we are all in the business of trying to learn from specific cases. If something has not gone right in one particular context, we must try to guard against it being repeated somewhere else. I stress that I do not believe that there has been a systemic governance problem in Scottish higher education, nor do I believe that those who have been involved in the governance and management of universities have overwhelmingly been anything other than excellent. We would all salute and support the

considerable public spirit of those who are involved in that.

We do not contend that there is a massive problem that must be addressed, but there are signs of issues that must be examined so that we do not have a significant problem to repair in future, which is always much more difficult.

Liz Smith: Some people—and some universities—feel that one of the motives behind the report is greater political control of the sector and greater input from ministers, which they reject. How do you respond to that criticism?

Professor von Prondzynski: You may have evidence that I do not have, but I have no evidence that there are universities that take that view. You may be expressing something that an individual or even a group of individuals has said, but I am not aware of any university—as a university—expressing any such view.

In so far as anyone would make that charge, I fail to see how it could be interpreted from the report or from our recommendations. In fact, we have gone out of our way to say that we believe in the autonomy of institutions and that that must be protected. I am aware of no recommendation in our report that would compromise that in the sense that you have just quoted others as suggesting.

I am open to comment on that, and perfectly happy to look in more detail at certain things that we have said, but there is certainly nothing in the report as I see it that would have that effect.

Liz Smith: But there are criticisms, which are very much on the public record. I understand from other aspects that have recently been discussed in the media that there is considerable concern among the university chairs that a degree of politicisation is going on. Is that correct, or is it not?

Professor von Prondzynski: I am not aware of that particular comment being made by chairs, and I do not know where one would read it into what we have recommended. I am not making a comment on anything else—I am just commenting on the report that we have submitted, and there is nothing in it that would envisage politicisation.

The only time that I have ever heard anybody from any source comment on that involved our recommendation for the establishment of a forum that would meet. However, that is a process for involving the sector more in what is at present a separate political or Government process of determining higher education strategy. The intention was the opposite of politicisation, as the forum will allow the wider higher education community to be involved in dialogue on higher education strategy. Not only is that not the

development of political influence, but it is designed to ensure that such influence is qualified by the views and statements of people in the sector.

Liz Smith: On a point of clarification, was Alan Simpson speaking on behalf of the chairs of the universities when he produced his report dissenting from your committee?

Professor von Prondzynski: No; no one on the committee was speaking on behalf of anyone else.

10:15

The Convener: What are the details of the envisaged remit, role and powers of the forum, and how do you see the Government's role in it?

Professor von Prondzynski: The only reference to Government representatives that we made in the recommendation was that the forum should be convened by the Scottish Further and Higher Education Funding Council but chaired by the Cabinet Secretary for Education and Lifelong Learning. The reason for the latter recommendation was that such a forum would be almost pointless if there were no Government presence, because ultimately it is the Government that decides higher education strategy through the political and parliamentary processes. It is therefore important for the cabinet secretary to be at such a forum, and one way of ensuring that is to say that they will chair it.

Nevertheless, it is still a discussion forum, and the intention behind it is to ensure that there is a co-ordinated higher education strategy, to which the various parties—in particular, the higher education institutions and representatives—have agreed. It is not about determining what individual institutions will do, or about setting strategy for any university or group of universities, but about considering the future shape of the sector. It is not, in itself, a new process of deliberation. For example, I know that the committee has considered the Government's recent pre-legislative paper on post-16 education. Essentially, we are saying that a process that leads to such a paper might be preceded by the deliberations of the forum, to ensure a wide input from the sector into recommendations that might make their way into legislation, policy or strategy.

The Convener: Does that suggest that such input is currently lacking?

Professor von Prondzynski: I am sure that there are plenty of opportunities for people to have input, but what is lacking is co-ordination. One always has to watch out for informal processes undermining transparency, in that not everyone takes part because they do not know that the

processes are taking place. Having an open process, which is predetermined because the forum will take place at certain times—we recommend at least once a year—ensures that those who should have an input, will. We would obviously expect such a forum to be attended by all the key figures, including university principals and the cabinet secretary, but we have built into the proposals the idea that it will also be attended by others from the sector, who might, in the current framework, not really know how to get into the discussion processes that lead to legislation or public policy.

Neil Findlay (Lothian) (Lab): Would the advisory forum meet privately or publicly?

Professor von Prondzynski: I would say publicly.

Neil Findlay: Is that a recommendation in the report?

Professor von Prondzynski: I confess that I cannot remember whether we made a reference to that. If you bear with me, I will remind myself by looking through the report. No, I am not sure whether we say that, but it is certainly my view that the forum should meet publicly. That is in keeping with other recommendations in the report—one should always err on the side of doing things in public.

Liam McArthur (Orkney Islands) (LD): I understand the motivation behind trying to formalise the discussions at an earlier stage, but is there not a risk that as soon as a formal structure is put in place, the informal process continues to take place and just moves back up the chain? If you require a cabinet Government, you can be as sure as eggs is eggs that a kitchen cabinet will form and take decisions that are then presented to that Government. Even if the forum is not bounced, it will certainly have some of its discussion pre-empted or choreographed, and we will be no better placed than we are at the moment.

Professor von Prondzynski: No recommendation of ours will make water run uphill, so to some extent there will always be informal processes, and one would not necessarily want to say that there should never be any.

For example, if I, as a university principal, wanted to have access to the Cabinet Secretary for Education and Lifelong Learning—or to any of the members present—because I wanted to share a concern, plan or vision, that would be perfectly appropriate. The purpose of the forum is not to say that the people involved will always meet at a specific time and place and that they will never meet in smaller groups anywhere else. That is clearly not what we have in mind. In addition to the inevitable informal conversations that will take place, this innovation will attract a degree of public attention and provide an opportunity for questions to be discussed openly and in a wider group. People will, therefore, be able increasingly to share the same information and to voice their views in that setting.

It will—and, in my view, should—continue to be the case that university principals, as a group or individually, will meet politicians. It is right that they should do so—that is a good part of the system—but whatever they discuss in such settings, or in any other smaller group settings, can then be discussed publicly and openly at the advisory forum. Others can also have a say at that point. I do not think that that would have the impact that you suggest; it would be a positive addition.

Liam McArthur: With regard to potential restructuring, you will have watched with interest the developments resulting from Professor Griggs's report on the further education sector. When Professor Griggs gave evidence to us a couple of weeks ago, it became clear that the improvements to governance as envisaged by him and his group would require a sizable merger across the FE sector. Scottish colleges have said that it is difficult to see how those changes to governance could be made without a merger.

That leads to the question whether the governance changes that were proposed by you and your group would require a merger, albeit to a lesser extent. Have you discussed that and do you have a view on how the recommendations should be developed?

Professor von Prondzynski: The agenda of mergers in higher education has a troubled history. I can think of very few successful higher education mergers at university level anywhere in the world. I have looked at some more closely than others.

One merger took place close to where I used to work several decades ago, when the then Ulster Polytechnic merged with the then New University of Ulster to form the University of Ulster, and the resulting institutional structures still have not merged properly operationally. It is difficult to bring about a merger successfully. The mergers in London that were envisaged at one point did not come off, because they were unworkable.

One merger that has succeeded, as far as one can judge—in this part of the world, at any rate—is that between the University of Manchester and the then University of Manchester Institute of Science and Technology. We must bear in mind, however, the enormous sum of public money that was spent on making that happen. Even then, some question how successful the merger has been.

I believe that mergers in the university sector are a distraction—I am not talking about further

education, which is a different field—because they are very expensive, take a long time to work, distract energy and attention while they are taking place, and tend to promote a defensive attitude within institutions, particularly among those who fear that their positions, jobs and ways of working might be compromised. I am not suggesting that mergers should never happen, but if they do they should be initiated by the institutions concerned and there should be discussion and analysis in advance, to ensure that the proposals are workable and viable.

That said, there is a significant need for universities to consider how they collaborate with one another. A number of issues arise from that, one of which is the potential duplication of provision in geographical areas. Universities can benefit from strategic collaboration in certain contexts, such as the joint pursuit of research projects and the joint development of intellectual property for teaching purposes. The agenda for Scottish higher education should focus on that.

By international benchmark standards, the number of universities per head of population in Scotland is about average. It is worth pointing out that the number of universities per head of population in some comparable countries—I include in that Germany, France and the United States of America—is much higher than it is in Scotland. There are far more universities per head of population in those countries than there are in Scotland.

There is relatively little evidence that the number of universities in Scotland is getting in the way of the effective operation of the sector. On the other hand, I take the view strongly that universities need to look much more closely at strategic collaboration.

Liam McArthur: That is helpful. The reasons that you cite for mergers in the sector being unwelcome—and perhaps counterproductive, disruptive, a distraction, costly and so on—echo the concerns that many in the college sector are expressing, against the backdrop of a far less generous settlement in the latest spending review. It would be helpful to understand why we are looking at a wholesale and fairly radical process of merger through the regionalisation model in the further education sector, while you talk about enhanced collaboration between universities— colleges have proposed that such collaboration is a necessary and positive development in their sector—and say that it will go no further than that.

Professor von Prondzynski: First, it is not my job to comment on the further education sector or governance reform within it, except perhaps in the sense that the further education sector plays a critical role in the university setting, given the growth and development of articulation as a

method of inclusion. My personal view—I think that it was our panel's view—is that that experience should grow and that articulation, particularly in institutions where it is perhaps not very strong, should become much stronger and that the links between further and higher education should be developed strongly in that context. That would be in everyone's interest, including that of the sector.

Further education plays a different role from higher education. Its relationship with national educational strategy is different from that of the university sector. The university sector needs to have a very high level of autonomy to succeed. I will list a small number of the reasons for that. First, the faculty—the staff—of people working in higher education are much more globally mobile than is the case in further education. They also produce a particular form of global collaboration in discovery, which is different from anything intended in further education. As a result of those aspects and others, the two sectors cannot be looked at in the same way.

I will not comment on the regionalisation agenda except to say that, whether or not it involves merger, there is a lot to be said for regional co-ordination of further education and it could benefit the collaborative framework with higher education. However, it is important to ensure that, as the regionalisation agenda in further education develops, it does so in knowledge of and in sympathy with the links with higher education through articulation. If those links are compromised, that would be dangerous.

Speaking in this context as principal of the Robert Gordon University in Aberdeen, it is vital to me that the arrangements for the north-east of Scotland—in particular the relationship between Aberdeen College and Banff and Buchan College—develop in such a way that they facilitate, develop and encourage articulation between us. In other words, it is vital that the arrangements do not make those institutions draw in on each other but continue to encourage them to look outwardly at their relationship with us. That is important elsewhere, too; I use our region as an example.

You asked whether we cannot let further education colleges do things the same way as we do. Other factors have an impact, including the colleges' particular role in their regions. As I said, it is not for me to comment on that.

10:30

Liam McArthur: I am not suggesting that colleges and universities perform the same role, and I do not dispute that a process of restructuring is necessary in the college sector—the colleges

have accepted that. However, I am struck by the fact that the arguments that you have used against merger in the HE sector are pretty much a carbon copy of the view that many colleges have expressed about the extent of the restructuring that is under way in the FE sector, which is taking place against the backdrop of the settlement that came out of the spending review.

In relation to your point about articulation, do you see a need for the regionalisation model and mergers as a sort of quid pro quo for delivering better articulation between the college sector and universities? Do you see greater seamlessness going forward?

Professor von Prondzynski: I am a lawyer by background and lawyers have a principle called the mischief rule, which involves considering, for every proposed reform, what particular problem is being addressed. Although there is a parallel between the further education governance review and ours, the particular circumstances and issues, and the potential problems, that might exist in further education are very different from those in higher education. Therefore, without commenting on the merits of individual proposals, I think that it is to be expected that the proposals in the two sectors would be different.

You asked about articulation. Articulation—or, to put it in a wider context, widening access to higher education—is one of the key principles that should be driving the reform of the post-16 education system as a whole. The participation by MD 20 groups—those living in the most deprived 20 per cent of areas—in higher education in Scotland is not what it should be. I am not saying that it is bad, but it is not as good as it should be. Articulation is one of the key ways—although not the only way—of addressing that. To that extent, it is extremely important that, whatever reforms are implemented in either sector, articulation should be a key principle that should be not just encouraged but advanced as robustly as possible.

Clare Adamson (Central Scotland) (SNP): I would like to examine issues to do with the proposed new statute, which relates to a lot of the key recommendations and some of the biggest changes to governance . We have already talked a little about academic freedom. You specifically recommend that the Irish model, as set down in Ireland's Universities Act, 1997, should be followed. Could you say a bit more about that and say why it would protect academic freedom? Is there an advisory forum in the Irish system?

Professor von Prondzynski: No, there is not an advisory forum in Ireland although, as it happens, I have just written an article for *The Irish Times* in which I recommend that there should be; I do not know what will happen with that.

There are a couple of things to bear in mind when it comes to the academic freedom aspect of what we are recommending. First, we are not suggesting that the existing framework in Scotland, which includes the Further and Higher Education (Scotland) Act 2005, is in some way deficient. In fact, an important element of the 2005 act is that it protects academic freedom across a range of institutions and categories of staff, and we would not wish to disturb that important element of the existing system. However, the definition of academic freedom that is contained in Ireland's Universities Act, 1997 is, in substance, slightly broader than that in Scotland, and we recommend that that form of words be considered as a way of encapsulating that.

It is important to emphasise that academic freedom is at the root of university success. It is a very important aspect, in part because it ensures the integrity of academic thought and in part because it allows a greater confidence in universities' impartiality and objectivity in discovery being protected. The way in which universities work and the way in which the individual member of staff needs to be encouraged to develop, express and apply their skills and expertise make academic freedom very important. The basic intention of our recommendation was to ensure that, within all other types of reform and within the changes to the system that may or may not take place, attention continues to focus on the vital principle of academic freedom. That is in a nutshell what we intend by that recommendation.

Neil Bibby (West Scotland) (Lab): Good morning. The report recommends that there be greater transparency in relation to remuneration, for example through the publication of pay figures by the Scottish Further and Higher Education Funding Council, and the inclusion of staff and students in remuneration committees. What is the likely impact of that on the pay of senior staff, including principals, in both the short and the long terms?

Professor von Prondzynski: First, it was not our brief and therefore not our intention to comment on anybody's level of pay. That is not because we wanted to avoid that particular tricky question but simply because, if we were going to do that, we would have had to engage in a number of processes that we were not equipped to engage in. We would have had to engage in a much broader analysis of industrial relations processes and so on, which we did not do.

The significance of our recommendations is that whatever is done should be done in a transparent manner so that it is made clear not only what is being awarded but how and why it is being awarded. In addition, the underlying principles should not be radically different from those that

apply to everyone else. We all know of cases that are not restricted to higher education where senior pay moves in a way that does not appear to be justified by the performance of the organisations that are being led by the people concerned. It is particularly important for bodies that operate, at least in large part, through public funding that it is clear why people are paid what they are paid and on what basis the decisions on that are taken.

The main principles in the context of remuneration are openness, transparency and clarity, so that whatever judgment is made is made on the basis of proper information. For example, we do not know whether the pay data that is available for principals, vice-chancellors and senior managers across the higher education sector in the United Kingdom is really comparable. We do not know what is included and excluded in the case of certain institutions or people. In order for all of us to be able to make a judgment about remuneration, there needs to be a higher level of openness. That is where we were coming from.

I understand that there are other issues, such as the actual levels of pay, and I am aware that some observers of what we have written may feel that we have not have gone as far as they would have liked. However, our view was that that had to be for another process and that we were not given that as a remit and, indeed, were not equipped to make that kind of analysis.

Neil Bibby: Given the extra scrutiny and transparency that you recommend, is it likely that pay increases will be limited? If they are, how will that affect universities' ability to attract the best possible staff?

Professor von Prondzynski: There is some truth in the view that you may need to have systems in place that will be attractive to such staff. It is true not just of university principal posts but of other posts, including much more junior ones, that you need to have terms that will attract the good people whom you want to attract. What leads from that is that institutions need to be equipped and allowed to take decisions that will allow them to do that.

The important point that I raised is that often the relationship between the job and the remuneration that is offered for it and the reasons why that remuneration is necessary to attract people to the job are not made clear. For example, we know from appointments that have been made that appointing principals and heads of universities is an international business. People—not excluding myself—turn up at universities in Scotland who have been elsewhere. We know that one element of this is that universities need to be able to attract the kind of people whom they want to attract. However, we do not know the level of that. We know that people have been attracted from other

countries to lead universities in Scotland, but we do not know what level of pay would not have attracted them. Also, once they are here, we do not know how the movement in their pay is being justified.

I am not suggesting for a moment that anything wrong has happened. I have no reason to believe that it has. However, at a time when executive pay and senior pay have been brought into question all over the place—not just in Scotland or the UK but all over the world—anybody who offers attractive remuneration to senior managers needs to be in a position to say why they are doing that, and why they are doing it in a particular way.

Neil Bibby: Another recommendation was that universities should ensure that any payments that might be perceived as bonuses should be either abolished or, at least, awarded transparently. In what circumstances should senior staff at universities be awarded bonuses, or payments that are perceived as bonuses?

Professor von Prondzynski: I would be inclined to widen that question and ask in what circumstances any university staff should be awarded bonuses. I am not against bonuses. I cannot speak for my committee because we did not engage in a detailed analysis of the issue, so I do not know my colleagues' views on it. Speaking for myself, however, I believe that a case can be made—and often should be made—for incentive payments in particular contexts. What the system needs to avoid is the suggestion that incentives work for some groups but not for others. Also, incentives often seem not to be reflected in institutional performance.

My answer to your question is that a much greater discussion needs to take place about reward strategy more generally. I am not sure whether that is under way. As it happens, I have suggested in a different context that there should be such a discussion, and the time is right for that. We need to look at ways in which the university sector can use incentivisation and reward in a coherent way that allows institutions to meet their objectives.

The Convener: Having looked at the list of principals' salaries in the institutions in Scotland, I note that the majority are above £200,000, and quite a number are well above that figure. You mentioned the often-circulated idea that, in order to get the best people at the top, we have to pay top dollar. If the pay in one of the institutions was not £250,000 but £200,000, would that have a terribly detrimental impact on who it would attract?

Professor von Prondzynski: As I said a moment ago, I do not know the answer to that question. Anything that I say in answer to it is speculation. I suppose the point that I am making

is that, as part of the process of justifying—or, if not justifying, amending—pay levels, we need to have that information. I appreciate and believe in the importance of being able to attract the best people, but I do not know what salary levels would or would not do that. I do not think that anyone knows that. My view is that that analysis needs to be undertaken.

The Convener: I am curious about the variation in the list. There does not seem to be any logic that I can see, certainly superficially, in why one institution pays £10,000, £20,000, £30,000, £40,000 or £50,000 more than another.

Professor von Prondzynski: No, but I would say—I was going to say "in defence", but I do not really mean that—in explanation or at least in illustration of that, that the phenomenon is found in other parts of life as well. If we look at chief executives' pay in companies, we find exactly the same phenomenon. A huge—

10:45

The Convener: You would surely accept that there is not a straight read-across between higher education institutions and private sector institutions.

Professor von Prondzynski: I am not suggesting that. We could make comparisons in other areas as well. Why are politicians in some countries paid more than those in others, and why are some paid less? My point is that the phenomenon is not unique to the university sector. However, I agree that we need to get a fix on it to ensure that someone is in a position to answer the kind of legitimate question that you have asked.

Liz Smith: With regard to your response to Neil Bibby's question, I note that section 3.2 of the report makes it clear that the issue of bonuses was discussed. For clarification, could you tell us what exactly the committee discussed in that respect?

Professor von Prondzynski: The only discussion of bonuses related to our recommendation that, in the absence of various principles and processes—and before such processes are implemented—such bonuses should not be paid or at least should be paid in a way that makes more explicit than before the basis on which they have been calculated. We have not offered any overall view on whether there should be bonuses in the system.

Neil Findlay: I would ask any other witness who came before us this question but, as you are the only witness, I will have to ask you. Have you ever received a bonus and, if so, how much was it and what was it for?

Professor von Prondzynski: In my entire academic career, including my current position, I have never received a bonus of any kind for anything. Indeed, if I were offered one, I would refuse it until a different system has been established.

Neil Findlay: I wish that I could ask others that question, but obviously I cannot.

I acknowledge your reluctance to comment on Professor Griggs's report but, given that the reviews are running in parallel, I think that it is perhaps incumbent on you to make some comment on it. I have to say that, from your comments so far, you do not sound very convinced by the approach that has been taken in the other report. I wonder whether I can push you further on the matter and ask you to give us some more thoughts on Professor Griggs's report.

Professor von Prondzynski: As I said earlier, I do not think that it would be right for me to provide a critique of that report. Just to ensure that I am not misunderstood, I make it clear that I have expressed no reservations about it and, indeed, do not necessarily have any. The simple fact is that I have been here for less than a year and am not as familiar as I would need to be with the Scottish college system to comment. However, I repeat and emphasise that, whatever reforms take place in further education, they must not disturb the development of articulation arrangements between universities and colleges.

Something that I am more familiar with and can perhaps comment on is the regionalisation proposal for the north-east of Scotland. That need not cause any particular problems, not least because Aberdeen College and Banff and Buchan College are already involved in a strategic partnership, and I do not think that the new elements of the proposal will create much disruption. However, I am not in a position to comment on any other part of the system.

Neil Findlay: Could you give us an example of poor governance or whatever that has happened in A, B or C university under the current system that would not happen—or at least would be more transparent and open—under the new arrangements?

Professor von Prondzynski: I am reluctant to answer that question in the terms in which you have asked it, because it would not be right for me to offer the committee a critique of individual institutions' performance in this or any other context. Whatever the merit of the circumstances that gave rise to them, there has been public comment about specific issues in specific institutions. Whether they were the result of failures of governance or other things, I would be reluctant to comment.

In approaching this issue, we did not seek to identify, say, three institutions that should have worked differently and to construct a framework that we believe would stop what happened from happening in future. Reviews of this kind should never try to correct individual institutional issues. If there are such problems, they must be examined specifically from the perspective of the institution in question. At the same time, we are aware of, look at, learn from and draw conclusions from things that are perceived to be issues across the sector. I will answer your question like this: I believe that if our recommendations are implemented, problems of governance—including any that may have taken place in the past—will be less likely.

Neil Findlay: I see that your lawyer's training is coming in handy.

With regard to the make-up of the new governing bodies, the briefing that we have received notes that there was some dissent from one of the panel members on the inclusion of trade union representation. Could you expand on the reservations in that regard?

Professor von Prondzynski: I am not sure that I should expand on the reservation, because it was not expressed by me.

Neil Findlay: I am not getting very far, am I?

Professor von Prondzynski: The panel, by majority, took the general view that there should be effective academic and non-academic staff representation on governing bodies. There is an existing framework of trade union representation, which comes through the industrial relations system but has an impact in other contexts, that is common—in some way or other—to all the universities in Scottish higher education. Given that there is a level of organisation and communication around that framework, it makes a degree of sense for it to be reflected in the organisational and representational structures and governing bodies.

You know, and I know, that one of the panel members did not share that view. I am reluctant to explain his dissent for him, not because I am trying to avoid publicising that dissent but because I think that it would be unfair for me to act as his representative in that regard. The argument could be made that the principle involved is the representation of staff, and that whether that is channelled through a trade union is a different issue. We took the view that, for practical reasons apart from anything else, trade union representation would be an effective way of ensuring that there is viable staff representation.

Neil Findlay: Questions have been raised about boards getting too big to the extent that they become unwieldy, and about the representation of women on boards. Could you comment on that? How can we ensure that the board functions properly and that there is proper representation?

Professor von Prondzynski: I have worked at a level where I have had direct input into the workings of governing bodies in three universities since 1984. In my experience, once the size of a board exceeds a certain number, it does not matter how big it gets after that. If there are 32 people on a board, the difference between 32 and 300 is not that great. The atmosphere and the dynamic of the conversation in a large group become very different from what happens in a smaller group.

Equally, I accept—as I think that we all do—that there is an important principle of representation and participation that applies particularly to universities as democratic bodies. It is important to strike a balance and get that right, and certain judgments must be made around that.

There is a big difference between governing bodies—the strategic governing boards of the institutions—and the academic boards, or senates, to which we have also drawn attention. The senates are more like an academic parliament and can deal with larger numbers, but even then there is a limit and there comes a point at which it is so big that it can no longer function effectively.

It is therefore important to ensure that the size and composition of these bodies is such that they are able to carry out effectively the role that we are asking them to.

I have had experience of the gender balance issue. For the 10 years in which I was president of Dublin City University, I was subject to a statutory obligation under the Irish Universities Act, 1997 that there must be at least 40 per cent of either gender on a governing body. I am therefore used to methods that have to be used to ensure that such an obligation is met. It is important to make such a statement in light of the importance that we all attach to equality of opportunity in all areas of public life in this day and age, and the aim is not too difficult to achieve. Over my 10 years as president of Dublin City University, I never found it difficult to ensure that there was 40 per cent female membership of the governing body.

Clare Adamson: I welcome the fact that the report refers to

"at least 40 per cent"

of the membership of each governing body being women, and that the figure is not limited to 40 per cent.

Earlier, we discussed articulation. You said that you do not want the regionalisation model to disturb the articulation arrangements. Obviously, many models are coming through. Merging is one

option, but federations of colleges are also coming together. Indeed, in Mr Findlay's area, a single college is proposing to be a region in itself. I want the model to disturb the articulation, because I want articulation to improve as a result of regionalisation. Will you comment on the opportunities for your own university to engage with a federated model, as proposed in Lanarkshire?

Professor von Prondzynski: We already have an almost federal-type arrangement with the colleges in our region. Aberdeen College and Banff and Buchan College have an existing strategic partnership, which is reflected in joint meetings of their boards. We have a relationship with both of them in the north-east Scotland articulation hub, and there is a large amount of cross-representation on decision-making bodies. My deputy principal in Robert Gordon University is a member of the board of Aberdeen College, and we are in discussion with Banff and Buchan College about the arrangements between us.

The working relationships between the colleges in the north-east and between us and the colleges—I am not in a position to talk about any other part of Scotland—are warm, and I read the recommendations in Professor Griggs's report as being compatible with the continuation of that situation. I would certainly like it to continue; in fact, it would be better if the relationships were strengthened and deepened. However, I want to ensure that the situation is not developed in such a way that the focus turns to the relationship between the two colleges to the exclusion of what can be done in partnership with the university, although I do not see that as being likely in our region. This may or may not be fair, but if I said that what happens in the north-east is an example of how things can and should be done, I would hope that that is reflected elsewhere in the country.

The Convener: Is your recommendation

"that each governing body should be required to ensure ... that at least 40 per cent of the membership is female"

competent within the existing equalities legislation?

Professor von Prondzynski: I do not think that it would be. It depends a little on how things are constructed. We clearly recommended that there should be an overall universities statute—we have briefly referred to it—and that particular obligation would need to be included in the statute to ensure that there is a clear legal basis for it. However, when the same provision was included in Ireland's Universities Act, 1997—we should bear in mind that, in addition to what we have here, Ireland has a written constitution with guaranteed rights,

including non-discrimination rights—it was found to be compatible with the legal framework.

11:00

The Convener: Is there a difference between an obligation and a requirement? You recommended

"that each governing body should be required to ensure".

I am wondering about the existing legislation. I do not know the answer to the question. Equalities legislation tends to be reserved, but I do not think that it is entirely reserved.

Professor von Prondzynski: The advice that was given at the time by the Irish Attorney General was that the equalities legislation in Ireland, which is largely based on that in the UK, did not have to be amended for that purpose. Despite being a lawyer, I am not going to get involved at the moment in offering detailed advice within the UK framework, but I do not see that there will be an obstacle.

Neil Findlay: I want to take you back to your answer to Clare Adamson, because the way in which you are providing us with answers is inconsistent. You were very reluctant to give me answers on some of the more difficult elements of the Griggs report, but were quite happy to answer Ms Adamson on some of the cuddly, easier parts. Why will you not be consistent in your answers to both difficult and easier questions?

Professor von Prondzynski: I am giving you answers to questions that I can answer, and I am trying to avoid answering questions that I cannot answer because I do not have the information, experience or insight. The answer that I gave a moment ago was based on my experience and knowledge of the north-east of Scotland. Incidentally, I meet the principals of the two colleges there on a regular timetabled basis, so even in the short time I have been here I have become very familiar with how that framework of collaboration works. I would be reluctant to offer a more general critique of Professor Griggs's report because that would require me to be much more familiar with other parts of Scotland, which I am not. I appreciate your question, but I am not trying to avoid answering difficult questions—just the ones that I cannot answer.

Liz Smith: Your report rejected, on the basis of "insufficient evidence", the proposal that principals be elected, yet you recommend that chairs of university courts be elected. I presume that there is sufficient evidence for that. Can you outline your reasoning? I do not want to get personal about these individuals, but do you feel that you are not bringing in the right kind of people to chair our courts? Do we have a problem?

Professor von Prondzynski: No, I do not feel that we have a problem. I think that I have emphasised—and I hope that we have always been clear—that none of this is ad personam; we are not judging how anyone performs. I explicitly said earlier that I am full of admiration for how people have offered themselves in a public-spirited way for such roles. There is nothing expressed or implied in anything that we are saying that suggests that this is personal.

The key issue is that if we were to elect college principals, we would undermine the system of governance, because an elected principal would report to a board, the key members of which would not be elected. In any governance dispute between a principal and their board, the principal would be able to say, "I have a democratic mandate and you do not. Get off my patch."

We have referred to the often-used example of Trinity College Dublin, where the provost—the chief officer—is elected and also chairs the board. It is thought that such governance conflict can be avoided only by not electing principals. Trinity College is the only university in Ireland whose chief officer—the principal—also chairs the board, and that is extremely bad practice. I would not point to Trinity College Dublin as a good example of governance.

The issue is different for chairs. Our principals are employed by the institutions but chairs are not, and principals are full-time, whereas chairs are not. In their running of the board and the governance structure, chairs have an obligation to take on board and reflect the interests, views and aspirations of the broad range of internal and external stakeholders. Because of that role, the election of chairs is a very different proposition from the election of principals, and is much more easily understood and worked out in practice. If there are doubts about that we can, of course, easily point to the role that is already being carried out by the rectors of the ancient universities and the University of Dundee, although the role operates differently in practice there.

If we are considering a framework that allows for democratic input to the governance and running of universities, we believe that doing that through the election of chairs of governing bodies is a workable and positive method. Election of principals would raise all sorts of other problems that would be difficult to address.

Liz Smith: Is it your understanding that the present chairs have agreed to the proposal for election?

Professor von Prondzynski: No. We are well aware that they have not and that they have expressed strong reservations about it. I suppose

that that is also the case with the dissenting member of our panel.

Liz Smith: Do they disagree to the proposal largely because they feel that, within the universities, it could be divisive? I think that "divisive" was the word that was used.

Professor von Prondzynski: I do not see any reason why it should be divisive. I am talking here to a parliamentary committee whose members have all been elected. I like to think that you believe that as you perform your role in Parliament, with an election having taken place, you are able to do it without being "divisive".

In the case of elected chairs of governing bodies, it should be equally possible that the election itself be a reflection of a discussion of the issues that the particular institution faces and the way in which those can be addressed and that, once the election has taken place, the elected chairs—as elected rectors do under the current system in some Scottish universities—will be able to act as focal points of unity. I do not see why that should not be possible.

We should bear it in mind also that elected chairs—or chairs more generally, whether elected or not—do not run the institutions but chair the governance process. Issues such as might arise with elected principals would not arise in that context.

Liz Smith: Is there a desire to have as chairs of university courts a slightly different kind of person—who would bring different expertise—to those whom we have at present, for whom I do not think there is any call to be paid or to fight on a particular manifesto or agenda?

Professor von Prondzynski: University courts generally, rather than just the chairs, should have a wide range of backgrounds, expertise and experience. There is currently a variety in the governing bodies of Scottish universities, but it is not very evenly spread. If we look at the composition of the external members of governing bodies—the internal members are a different proposition—we find that there is a fair amount of clustering. In other words, people have similar experiences. That is not a criticism: those who have come into university governance have exercised their role responsibly and positively. However, if people looking at it from outside were to ask, "Is my experience relevant to what goes on there?", they might have concerns about whether it is.

At my previous university—Dublin City University—one of the governors was a nurse who had been in her profession for 40 years and had risen to leadership in the profession. I came to rely on her quite a bit because some of her experience and the views that she expressed were significant

and very helpful. However, I very much doubt that she would have been a governor in any Scottish university. It is therefore important to ensure that there is a wider distribution of experience and expertise than we currently have. I say that without offering criticism of anybody who exercises that role: all have done it in an overwhelmingly public-spirited way.

Marco Biagi (Edinburgh Central) (SNP): I am not clear about what you mean by "elected chair", given the parallel with rectors. In three of the Scottish ancient universities, the rector, who chairs the court, is elected by the student body. In one, the chair of court is elected by students and staff. At Trinity, I believe, the provost is elected purely by the teaching staff.

Professor von Prondzynski: Yes.

Marco Biagi: Which of those models do you envisage for the election of chairs? Why would you choose that model over the others?

Professor von Prondzynski: To correct myself slightly, at Trinity College Dublin, it is staff and a small representational sample of students who elect the provost, so there is some student participation.

Our proposal is that there be, in weighting of votes, an equal representation of staff and students in the election. We have also said that external stakeholders could form part of the electorate, but we have not gone into that in detail or made precise proposals. We are well aware that the elaboration of such a proposal would require further discussion. My view is that the process would be most effective if all the key stakeholders, particularly those in the locality or region, were involved. The internal stakeholders are staff and students, who should all be involved, as is currently the case in Edinburgh with the election of the rector.

Marco Biagi: Would the change also affect existing elected chairs? Would they be brought into the system?

Professor von Prondzynski: Do you mean the rectors?

Marco Biagi: Yes. Would the rectorships at Aberdeen, St Andrews and Glasgow universities be adapted to conform to the new system?

Professor von Prondzynski: We suggest that, if the reform is introduced, the elected chairs be called rectors, because of the inherited tradition in Scotland. There is an understanding of the significance of that particular historical innovation.

The existing rectors who exercise their right to chair governing bodies do not do it in terms that are likely to be identical to what we have in mind, so there will have to be a change of some kind,

but it might be slightly less noticeable to those who work in universities than other changes would be.

Liam McArthur: I am interested in the suggestion that, if we move to a system of electing chairs, it will lead to a wider diversity of people putting forward their names. That relates to a challenge that we face in the Parliament. We recognise that spreading the range of skills is sometimes difficult and that the process of election is not necessarily one that attracts people from the backgrounds that we would look to attract.

On the remuneration point—[*Interruption.*]

The Convener: I am sorry, Mr McArthur. Could you turn your phone off?

Liam McArthur: I thought that I had.

On remuneration, institutions can make payments where they see that as necessary, particularly if there is seen to be a disincentive to chairs. There is an opportunity for payments to be made to reflect the loss of wages for other positions. Is that approach not sufficient? Is it not enough to allow institutions to be flexible ? Do we need remuneration to be established across the board for these posts?

11:15

Professor von Prondzynski: If we have a system in which people are invited to express an interest in chairing the board of a university but are invited to do that without remuneration, the likelihood is that we will attract people who will not find themselves being disadvantaged by that. The result is that the pool from which we fish comprises people who are independently wealthy and people who are in certain types of employment, which will typically be senior roles because their willingness to engage in this activity will not create a problem within the institution for which they work. Alternatively, they might be retired. If we look at the profile of current and past governing body chairs, not just in Scotland but more widely, we find that they all come from similar groups. I emphasise that that is not a criticism and that, even in such circumstances, it is highly public-spirited of them to do it.

If we take the view, however, that the chair of a governing body should also reflect a wide range of experience, we need to consider the practice of not remunerating. It would be invidious if we were to say, "We'll generally not pay anything, but if somebody's application cites a particular economic need, we'll look at it." The response to that is that any such person would never get as far as putting themselves in the frame, because— apart from anything else—it is demeaning to make such a request.

Unless we take the view that it is desirable for the chairing of university boards to be restricted generally to people who are independently wealthy or who are in a position to manage their own institutions in such a way that they can be released from them, we really need to consider the issue.

The existing chairs have, perhaps understandably, responded by thinking that somehow the public-spiritedness of what they have done is not recognised or is being misinterpreted. That is not the case. I emphasise that I have spoken with not just one chair who was a member of our panel, but a number of chairs, and that I am full of admiration for what a lot of them are doing and have done and for the way in which they engage with their institutions, despite their having no financial interest in doing so. That is wonderful and should be celebrated.

I am also of the view, however, that our existing rules probably discourage a large number of people who have the appropriate skills and abilities. We have recommended a system that would ensure that those who put themselves forward are equipped with the right skills and experience. We should try to ensure that economic considerations do not deter people.

Liam McArthur: I take it that you are not talking about a simple nominal sum. The provision would have to be attractive financially, over and above the notion of public-spiritedness, which would, I presume, also be part of the motivation.

Professor von Prondzynski: We have not addressed that in detail in the report or, indeed, as a panel. My view is that we should not establish a rate of remuneration that creates a specific financial incentive, as distinct from the incentive of wanting to contribute. It should, however, be established in such a way that it does not become a disincentive. In other words, I am not suggesting that it become another category for people to worry about in terms of top pay, but that it should be set in such a way that the prospect of taking up the role is not a disincentive for financial reasons.

Joan McAlpine (South Scotland) (SNP): Your report makes it clear that some of your recommendations would require legislation, most notably in relation to a new statute for universities. What type of legislation will need to be implemented, given that this committee is likely to have to scrutinise it?

Professor von Prondzynski: One of the things that we discovered—the report refers to this—was that the current legislative framework for higher education is complex and confusing, because different statutes apply to different institutions. As a result, it is hard to offer a system-wide judgment on the current legal backdrop to higher education.

One of our recommendations, therefore, is for a more consistent legal approach.

It is worth emphasising that we are not referring to the internal ordinances of universities—which are also described as statutes—as approved by the Privy Council. Apart from the role of the Privy Council, we are not suggesting any changes in relation to those.

On legislation, the Westminster Parliament—and, more recently, this Parliament—has passed many different acts covering higher education. The scene is confusing and needs to be rationalised, although I stress that I am not suggesting additional reforms. I am suggesting simply that the legislation needs to be rationalised and consolidated. Within all that, some of our recommendations would require that the law be changed and that they be built into statute.

How complex would that be? Such legislation would be easily drafted and understood; the report refers to the Universities Act, 1997, which is probably quite a good example of the genre. The legislation should not be an excessively complex set of provisions. However, in drafting, a number of interest groups—I do not mean that in the negative sense; indeed, I include the universities in that—will want to look very closely at the provisions to ensure that there are no unintended consequences. There will be some complexity and, with institutions being rightly jealous of their institutional autonomy, the legislation will probably need to be scrutinised fairly carefully, although it need not be complex.

Joan McAlpine: You make it clear that legislation would be required for a definition of academic freedom. Which of your other recommendations will require legislation?

Professor von Prondzynski: That will depend a little on whether our recommendations—or, at least, some of them—are seen as being up to institutions to implement, or as forming part of a national framework. As that debate has yet to take place, we should not pre-empt it.

However, such a framework would cover more than academic freedom. Our report sets out general suggestions including:

"• the conditions applying to the establishment of new universities;

• the key structures of university governance and management"—

in so far as one can make general comments in that respect that apply to all institutions—

"• the role and composition of governing bodies and academic boards;

• the role and appointment of university principals;

• the drawing up of a code of good governance for Scottish higher education;

   • the status of student associations;

   • the principles of academic freedom and institutional autonomy".

Those are the headings that we envisaged, but no doubt other political processes will take place that will either add to or subtract from that list.

Liam McArthur: Your report sets out a package of recommendations. Although the cabinet secretary has made positive noises about it, he is consulting on it and a dissenting voice has been raised on certain aspects. I am sure that you are not going to suggest that all the recommendations or none at all be taken forward, but what would be the implications of taking forward all or just some of them? Would not implementing the whole package diminish any potential benefits for improving governance?

Professor von Prondzynski: Most people who are involved in making recommendations for reform will say that their overall package is well designed, well constructed and aesthetically beautiful, and should therefore be taken in its entirety and not messed around with. I am tempted to say that same and, in fact, would probably hold that view. That said, certain recommendations do—and should—stand in their own right.

We do not see the report as a shopping list. We began it by considering the overall historical and educational context in which higher education fits, partly to demonstrate that we are trying to present an overall view. On the one hand, it is about educational excellence and, on the other, it is about ensuring openness, transparency and accountability. I am tempted to say that you cannot take too much away from the overall package and still think that you can achieve the overall performance. However, my recommendation is that, subject to discussions and the constant possibility that we have got something wrong, the report be seen, and treated as, a package.

Jean Urquhart (Highlands and Islands) (SNP): Good morning, Professor Prondzynski. I want to ask you about the relationships between universities and industry in terms of employment and research. What is the state of those relationships now, and how might they be improved? Your report cites that as an area in which improvements could be made. The issue hugely occupies the minds of everyone in this building at the moment, given that unemployment is unacceptably high, particularly among young people. Our ambition is to curb and reverse that trend. In what ways might universities'

relationships with employers be expected to change?

Professor von Prondzynski: You are absolutely right to say that that is a critical and highly important issue. I said in my very first response to the committee's questions that universities now operate in a very different environment from that in which they operated when I started my career. When I became a lecturer in 1980, I do not believe that anyone told me anything about relationships with industry— although, as it happens, I worked in a department that regarded such relationships as important.

We now know an awful lot more. For example, we know that the capacity to generate foreign direct investment in a knowledge-intensive economy—which we have to be—is critically dependent on the capacity of universities to link with industry. The key thing that attracts high-value foreign direct investment is the capacity to create a link with higher education. I point out that, in a significant number of the multinational companies that locate in Scotland, the level of local industry research and development is quite small. In the area in which I am based—the north-east of Scotland—we know that the oil and gas industry has a huge presence, but there is almost zero R and D. I hold my hand up in a representative way and acknowledge that the universities have a history of neglecting such relationships.

Those relationships are important not just for foreign direct investment but for the capacity to generate start-ups. In a knowledge-intensive context, achieving a high level of indigenous entrepreneurship requires strong university-industry links. It involves universities getting students to understand that being a lawyer is not the very finest thing to want to be and that they should think about being an entrepreneur, starting a business and so on. I use the example of being a lawyer because I am a lawyer; frankly, the last thing that we need is another lawyer.

The particular context is one in which universities need to engage with industry. That is a broader agenda than just governance, but one of the things that we should aim to do in the governance setting is to ensure that there are proper channels of dialogue and consultation with industry. We made reference to that in the report. We believe that if universities do not already do so, they should have advisory bodies that link them with local or other industry partners who may have an interest in what they do.

That has an impact in several ways. We need to ensure that people who graduate from universities do so in a way that is likely to allow them to develop their careers and which benefits wider society. That requires an analysis of what

knowledge, skill levels and so on are useful. We also need to be aware of the fact that we are not just training institutions. It is a complex issue, but close interaction with industry is required. I believe that that is one of the key issues that, as a country, we need to look at.

Jean Urquhart: You mentioned the oil and gas industry. It is a fairly shocking statement that we have no research and development in that industry.

Professor von Prondzynski: I did not say that there was no such research and development; I said that there was very little.

Jean Urquhart: We certainly see that industry as being hugely important to the economy of the country. If we are not doing that research and development, who is? Where are those companies accessing their research? Are they doing it themselves or do they go to universities outwith Scotland?

11:30

Professor von Prondzynski: I asked that question of a senior manager of one of the major oil companies—I will not say which one—that has a major office just outside Aberdeen. I asked where the company was conducting its R and D and why it was not doing that locally, as for all practical purposes it was doing zero R and D in the area.

The response that I got was complex and cannot be reduced to something very brief. However, one of the answers was that there was a perception that the UK as a whole did not value oil and gas, particularly in relation to R and D. One of the pieces of evidence that was used to support that contention was that of all the research money that had been distributed by UK research councils, less than 2 per cent had gone into things that were relevant to oil and gas. It may even have been closer to 1 per cent—I forget the exact figure.

Given the size of the revenue that the state gets from oil and gas, that seems counterintuitive. Research councils distribute money in accordance with particular principles that probably should not be disturbed, but we should start asking questions. What can the rest of us do about that? What can Government and universities do? One thing that universities can certainly do is persuade the industry that we take oil and gas seriously and are interested in that area.

The situation is reflected in renewables too—the company to which I have just referred does quite a lot of development work in that area. It undertakes work on solar energy in Australia, wind energy in the United States and bioenergy in Brazil, and it does nothing here.

We need to ask questions that go beyond what I am here to talk to you about today. We in the university sector can liaise much more closely with the companies concerned and indicate an interest in working jointly with them. That could include developing programmes that are relevant to their skills needs, as well as developing joint research initiatives.

The Convener: Is Jean Urquhart finished?

Jean Urquhart: I could be.

The Convener: If you have a very quick question, I will allow it.

Jean Urquhart: It is a very quick question.

It is clear from your answers, Professor, that you feel that there is a lot of work to be done in the field of research and development. Is that reflected strongly enough in your report with regard to where universities sit and the action that they must take?

Professor von Prondzynski: As hugely important as that area is, it is slightly off-topic with regard to higher education governance, although we mention in the report the context in which it arises.

Perhaps I am elaborating on the issue more than today's context justifies, but it is really important. Attention is now being paid to it, but that has perhaps started a bit later than it might have ideally. Universities have an important role to play in that area. I make such comments in other settings and contexts, too.

The Convener: The final question is from Joan McAlpine.

Joan McAlpine: I am afraid that I am going to continue with the off-topic topic, Professor, because it is obviously of considerable concern to you.

You said that some measures had been taken more recently to address the problems that you have identified—for example, you spoke about energy. There is a large new centre at the University of Strathclyde that I understand will generate a lot of research jobs in energy. Do you see signs of things changing? Can you give some examples of good practice in that regard?

Professor von Prondzynski: You have just given one. The development at the University of Strathclyde is a good example of what I am talking about. The University of Aberdeen and Robert Gordon University are involved in detailed discussions as a result of which we hope to establish what we will call an energy alliance, which will include industry members, with whom we will link for the purposes of ensuring that we address the matter.

The Government and the political establishment in Scotland are increasingly aware of the importance of the issue that you raise, and questions are asked about the impact of things that are happening elsewhere.

There is a greater awareness of the issue. It is an important issue, and one in which universities have a key role to play. You will never persuade the large, global companies in this industry to locate R and D investment in a setting where they are not convinced that there is a high level of input from universities. A company with its head office in Houston has, within its close environment, dozens of universities that will be able to add huge value to what it does in R and D. It needs to be persuaded to do that work somewhere else. We need to be proactive about that.

I am not pointing the finger at anyone else. I think that the universities have not done an adequate job with regard to this issue. They need to do more.

Joan McAlpine: You agreed that the Strathclyde example was a good one. Obviously, that was a Scottish Government initiative, and the Scottish Government had a lot of input into it. Earlier, you talked about the UK research councils not being as supportive as they could be on energy. Are Scottish Government initiatives in education being held back by policy in the UK?

Professor von Prondzynski: I suspect that I am being invited to step into dangerous territory in response to that question.

The research councils adhere to valuable principles. I would not want what I said to be interpreted as criticism of research councils. Essentially, they identify research projects and evaluate them on the basis of the excellence of the proposal. That is right and proper; it is how it should be done. I am not critical of that. What I am saying is that, outside of that process and outside of the money that is being distributed by those methods, we need to engage in a deliberate policy of doing things in R and D that will anchor those industries here. That applies not only to oil and gas; it is equally true of other things, such as food, which is an important industry in Scotland, and health. For example, the universities have good expertise in health sciences and related areas. However, not far from where I work, there is a major GlaxoSmithKline factory with no R and D department—I have been there and discussed that with the company's representatives. That illustrates the fact that there are many contexts and areas in which we need to take action on this issue.

Universities should not sit back and say, "Somebody else is stopping us doing something."

We have an obligation to get out there and do something.

The Convener: I thank Professor von Prondzynski for his evidence and for taking the time to give us such a detailed response on the report. The Parliament and the committee look forward to seeing how the issue is taken forward by the Government.

Meeting closed at 11:39.

Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice to SPICe.