

Education, Children and Young People Committee
Wednesday 14 January 2026
2nd Meeting, 2026 (Session 6)

Scotland's Rural College (SRUC)

Introduction

1. The Committee will hold an evidence session in relation to Scotland's Rural College, building on its [pre-budget scrutiny](#) which focused on the long-term financial sustainability of Scotland's colleges and universities.

Committee meeting

2. At today's meeting, the Committee will take evidence from:
 - Garry Ross, National Officer for Higher Education, EIS
 - Jonnie Hall, Deputy Chief Executive Officer and Director of Policy, National Farmers Union Scotland
 - Professor Wayne Powell, Principal and Chief Executive, SRUC
 - Jeroen Van Herk, UNISON Steward, SRUC

Supporting information

3. SPICe has produced a briefing paper for this session which is included at **Annexe A**.
4. Written submissions have been received from the National Farmers Union Scotland and SRUC. These are included at **Annexe B**

Committee Clerks
January 2026

Annexe A

SPICe The Information Centre
An t-Ionad Fiosrachaidh

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Scotland's Rural College (SRUC)

Introduction

The Committee is taking evidence on Scotland's Rural College (SRUC) from SRUC representatives and union representatives. As SRUC is a hybrid institution delivering further and higher education, this briefing paper includes information regarding colleges and universities. It also includes a summary of SRUC's last appearance in front of the Committee on 18 June 2025.

Background

The Committee has explored the funding, structures and outcomes of the university and college sector in its recent work. This includes: [scrutiny of the 2026-27 budget](#); a follow up on the Committee's College regionalisation inquiry 2022-23 on [5 February 2025](#); a session with [representatives of the university sector on 4 June 2025](#), and a session from [representatives of the College sector on 18 June 2025](#). SRUC were represented at the 18 June 2025 meeting.

During the Committee's pre-budget scrutiny for 2025-26 and 2026-27, the Committee heard concerns about the financial sustainability of the sectors and challenges they faced as a result. The Committee's 2026-27 [pre-budget scrutiny letter to the Minister for Higher and Further Education](#) was sent on 14 November 2025, highlighting these concerns.

The Committee has also considered universities and colleges in relation to post-school reform and the [Tertiary Education and Training \(Funding and Governance\) Bill](#) currently making its way through Parliament. The Bill places a new duty on the SFC to monitor the financial sustainability of post-school institutions and strengthens its existing functions. It provides a regulation-making power for the Scottish Ministers to set out matters on which post-16 education bodies must notify the SFC. The Committee considered the Bill at Stage 1 and [reported its findings on the Bill](#) on 9 September. The Committee received a [response from the Scottish Government](#) on 19 September 2025. The [Stage 1 debate took place on 25 September](#) and the Committee considered the Bill at Stage 2 on [26 November](#) and [3 December](#) 2025.

Scotland's Rural College (SRUC)

SRUC was established in October 2012, from a merger between Barony, Elmwood, Oatridge and the Scottish Agricultural College. In October 2024, SRUC gained Degree Awarding Powers (degrees were [previously awarded through the Universities of Glasgow and Edinburgh](#)). The merger proposal from 2012 is included in SRUC's submission to the Committee for information.

SRUC is classed as a Higher Education Institution though it also delivers further education, offering courses from foundation to postgraduate level. This includes Modern Apprenticeships. In 2023-24, SRUC had a total student population of 2,817 FTE (Source: [QAA, 2024](#))

In its January 2026 submission to the Committee, SRUC states that a refreshed strategy for 2026-2031 will be launched shortly. The submission also sets out the current vision, mission and purpose as follows:

Vision: By 2031, SRUC will be a global tertiary powerhouse, a place-based university college working collaboratively to build a sustainable future for the natural economy.

Mission:

- We will redefine what tertiary education means in the 21st century.
- We will create a high-performing innovation and skills ecosystem that powers a natural capital-based economy.
- We will help to address major global challenges of climate change; food, water and energy security; and biodiversity loss.
- We will drive imaginative new ways of working between Business, Government, Communities and academia.

Purpose: To deliver sustained impact and innovation in the natural economy and create a sustainable future for our staff and students, communities, business and the environment, in Scotland and globally. – **SRUC submission, January 2026**

In its [submission to the Committee](#) ahead of the 18 June 2025 meeting, SRUC stated that in 2024, the institution identified an operating deficit. In response, a three-year financial recovery plan was developed by the SRUC Board and approved by SFC.

SRUC received support over two years from financial year 2024-25 with a £5m advance of income, a deferral of £2m in FT loan repayments and £8m of financial transaction loans “repurposed to support immediate cash constraints.” In order to move toward sustainability, the SRUC submission stated that this has required “the sale of properties and reshaping of our workforce and offering”.

SRUC's submission also set out growth opportunities such as attracting students from outside of Scotland, growing and diversifying commercial revenue and working “collaboratively with partners to fully exploit investment in our place-based innovation centres”.

During a [pre-budget evidence session on colleges on 18 June 2025](#), SRUC Principal and Chief Executive Professor Wayne Powell told the Committee:

- Transaction funding loans had been vital for sustaining infrastructure.
- SRUC's maintenance backlog was "about £70m".
- In 2019, SRUC and the University of the Highlands and Islands (UHI) produced a document looking at options for closer collaboration, including potential merger.
- Colleges will need to work together to create "new, innovative mechanisms to support our approach to looking forward and meeting the new needs of the economy and of learners" in the years ahead.
- SRUC had seen a 50% increase in modern apprenticeships and has a waiting list for land-based engineering and greenkeeping courses. On this, Professor Powell said: "...it will be important to find ways to accelerate that provision. It will also be important to be more agile and responsive to regional needs."
- The future funding model for the tertiary education sectors must be student-centric to provide the agility needed.
- SRUC's establishment of the UK's first tertiary vet school is an example of a "radical model", using private sector investment to create a new way of enabling people to become vets.

In response to questions about SRUC's finances, Professor Powell said:

"Last year, our deficit was £10.8 million, which reflects several things, such as the headwinds that all colleges and universities have been facing. It also reflects that we have been investing in areas across Scotland, some of which I have touched on, such as our innovation centres to drive regional economic growth and skills development and our new vet school. We have not had our accounts fully audited, but we anticipate that the deficit has been reduced to £5 million this year. Moving into this financial year, we anticipate that we will be close to breaking even and will, subsequently, move into surplus." – [Official Report, 18/06/2025](#)

When asked what had contributed to SRUC's deficit, Professor Powell highlighted the costs associated with running six campuses, 24 consultancy offices and vet centres. He said that capital costs were his institution's second major operating expense, after staffing.

Professor Powell also said it is hoped SRUC's new degree-awarding powers will attract international students:

"...1 per cent of the [international student] market—approximately 750 students—would be transformational, not only for our funding and revenue but for the cultural diversity that it would bring." - [Official Report, 18/06/2025](#)

When asked if he was more interested in SRUC's higher education offer than its further education offer, Professor Powell said that he was "passionate about a tertiary model. That's why I came to SRUC...".

In its **January 2026 submission to the Committee (attached at Annexe B)** ahead of this meeting, SRUC includes a copy of its financial statements up to 31 July 2025. The accompanying letter states SRUC continues to work with SFC, and its recovery plan "is delivering tangible results":

"Through sustained focus, disciplined execution, and the willingness to take difficult decisions, we have materially improved our financial position. The operating deficit for 2024–25 is £6.7 million, which reflects a 16-month accounting period following the change to align our financial year with other educational institutions.

This represents a substantial improvement against both the prior year operating deficit of £10.8m and the counterfactual "do-nothing" position, which, under flat funding and inflationary pressures, would have seen the deficit increase to around £13 million.

We are forecasting a further reduction in the operating deficit to £2.1m in 2025–26, with a return to surplus thereafter. For completeness, I attach our 2025 financial statements, presented on a 16-month basis, which evidence this progress and our continued alignment with the Financial Recovery Plan." – **SRUC submission, January 2026**

The January 2026 submission also states that SRUC has commissioned Professor Sir Iain Boyd, former UK Chief Scientific Advisor at Defra, to carry out an independent study on future economic growth opportunities in North East Fife over the next ten years. This will focus on Elmwood Campus and report to SRUC by 31 March.

In relation to SFC support, SRUC's 2025 Financial Statement states:

"The SFC has reiterated its ongoing financial support, including the extension of a £5 million income advance and one year repayment holiday totalling £2.1 million to March 2027." – **SRUC Financial Statements 2025**

NFU Scotland's January 2026 submission (attached at Annexe B) to the Committee highlighted SRUC's "fundamental" role in delivering skills, training and research in relation to agriculture and the natural environment. NFU Scotland stated concerns about the current funding model for the institutions, calling for long term, stable funding:

"NFUS is concerned that the current funding model does not adequately reflect the complexity, cost base or national importance of SRUC's remit. Land-based education and research often require specialist facilities, practical training environments and close industry engagement, all of which carry higher costs than many traditional academic disciplines.

Furthermore, short-term or uncertain funding arrangements risk undermining SRUC's ability to retain specialist staff and expertise, maintain high-quality teaching and research infrastructure; and plan strategically to meet future industry and policy needs." – **NFU Scotland submission, January 2026**

In response to a [Parliamentary Question in the Chamber on 2 October 2025](#) about capital funding allocations for SRUC not reflecting its role as an institution providing both further and higher education, the Minister for Higher and Further Education said that this would be discussed "in the period ahead".

In response to a [Parliamentary Question on 1 April 2025](#) about SRUC's proposal "to close the animal care unit at its Elmwood Campus in Cupar, following the sale of the farm and closure of the student accommodation", then-Minister for Higher and Further Education and Minister for Veterans Graeme Dey said this was a decision for SRUC to make as an autonomous institution. He added that there should be meaningful engagement with staff in line with Fair Work principles, and appropriate support for any students affected.

Elmwood Campus: Closure of main building

In [April 2025, SRUC announced](#) that it had taken the decision to close the main building at Elmwood Campus, Fife.

When asked about this at the Committee's 18 June meeting, Professor Powell said sustaining courses there had "proved to be impossible", and the decision had been made to close the main building and "sustain a presence in Elmwood". He added:

"To give context to the committee, we are closing three courses that represent one discipline and we are retaining 18 courses across nine disciplines. The decision to close the building is regrettable but necessary in order for us to retain our place-based mission in Scotland." - [Official Report, 18/06/2025](#)

When asked about a vote of no confidence in the SRUC leadership held by EIS members, Professor Powell said:

"Let me take that point head on. First of all, in my tenure at SRUC, I have always maintained strong and positive relationships with the three unions that we have. When the chair received the vote of no confidence on 19 May, which was a bank holiday, I immediately drove to Elmwood and met the branch secretary. Subsequently, the chair responded to the EIS union, and I followed that up and arranged several meetings with my senior colleagues and with the branch secretaries to address their concerns and to put in place actions associated with those concerns. Various things were associated with that, Mr. Rennie, one of which was Elmwood.

Secondly, in this conversation, we have to recognise the levels of anxiety in the sector at the moment. To go back to Mr Greer's question, our union leaders are, in many ways, at the pinnacle of that. I am not ducking my responsibility as part of it, but there is a sector-wide issue of anxiety among staff. We are committed to working with the unions as part of a constitution to take these areas forward. We are addressing those three or four points that

were raised, including through engagement with our unions. Our unions are also on a board together with representation of students and staff.” - [Official Report, 18/06/2025](#)

When asked about reduction in provision at Elmwood Campus in [Parliament on 18 December 2025](#), the Minister for Higher and Further Education said:

“SRUC’s Elmwood campus continues to play an important role in delivering further and higher education in Cupar. Although SRUC is an autonomous institution with responsibility for its own decisions in relation to provision and facilities at Elmwood, I would expect it to take into account the needs of students, staff and the wider community. In line with its statutory responsibilities, the Scottish Funding Council will continue to offer appropriate support to further and higher education institutions, including SRUC, as they develop their own plans.” – [Official Report, 18/12/2025](#)

When asked about concerns about the future of the remainder of Elmwood Campus, the Minister added:

“I had a good meeting with SRUC in recent weeks. I am aware that SRUC’s decision earlier this year to close its main building at Elmwood due to concerns about structural deterioration and long-term financial viability has raised questions. However, SRUC provides an important role for further and higher education students in Cupar—we are very aware of that—so it is welcome that it has stated its commitment to retaining a presence in Elmwood and that there are no plans to close the campus.

SRUC has also advised that its animal care provision will remain on offer at its other campuses, while horticulture and gamekeeping provision will remain on offer at Elmwood.” - [Official Report, 18/12/2025](#)

Financial sustainability of colleges and universities

Colleges

Audit Scotland’s annual colleges reports have been highlighting financial sustainability issues facing the sector for a number of years. Most recently, [Audit Scotland’s 2025 colleges report](#) found a £20m reduction in cash terms and 20% reduction in real-terms in funding for colleges between 2021-22 and 2025-26.

Audit Scotland identified the withdrawal of two funding sources in 2023-24 as contributing to challenging finances: the £26m one-off transition funding in 2023-24 and the Flexible Workforce Development Fund of around £10m a year.

The report also highlighted the impact of cost cutting measures in the sector, stating:

“Although student satisfaction rates are high and the proportion of students going on to positive destinations has increased, overall student numbers are down, and colleges are unable to meet student and employer demand for some courses and apprenticeship programmes.” – [Scotland’s Colleges 2025, Audit Scotland](#)

Several colleges also highlighted to Audit Scotland their concerns about the responsibility to meet funding costs associated with the outcome of a non-teaching job evaluation, as there was no associated income to meet this responsibility.

In September 2025, the [SFC published its report on the Financial Sustainability of Colleges in Scotland 2022-23 to 2027-28](#). This report also highlighted the financial challenges facing colleges, identifying increasing staff costs as the largest factor, constituting “over two thirds of colleges’ expenditure.” The SFC report stated that while there is variation between colleges, overall:

“Further substantial adjusted operating deficits are forecast over the next three years...These forecasts show that most colleges are not sustainable.” – [SFC Financial Sustainability of Colleges in Scotland 2022-23 to 2027-28](#)

SFC outlined the report’s key messages in a [26 September 2025 briefing to the Committee](#). Key messages included:

- The sector reported an adjusted operating deficit of £1.2m in 2023-24, forecast to increase to £10.7m in 2024-25 and £25.5m in 2025-26. Deficits of £36m in 2026-27 and £42m in 2027-28 are also projected. Higher staff costs “partly offset by higher income and lower operating costs” are given as the reason for “deterioration against 2023-24”.
- Nine colleges reported adjusted operating deficits in 2023-24. Seventeen colleges (68%) expect to report adjusted operating deficits in 2024-25. Twenty-two colleges (92%) are forecasting adjusted operating deficits in 2025-26, reducing to twenty-one colleges (88%) in 2026-27 and twenty colleges (83%) in 2027-28.
- Colleges remain highly dependent on the SFC grant which is forecast to remain at 77% of total income throughout the forecast period.
- The sector reported staff restructuring costs of £10.2m in 2023-24. Staff restructuring costs of £7.4m are forecast for 2024-25 and £1.9m in 2025-26.
- The sector reported an aggregate cash balance of £130.5m at the end of 2023-24, with cash reserves forecast to fall to £35.1m by 2025-26, falling to a negative cash balance of £46.2m by the end of 2027-28.
- While no college reported a cash deficit at the end of 2023-24, four colleges are forecasting a cash deficit by the end of 2025-26, increasing to twelve colleges by the end of 2027-28.
- The number of colleges reporting net cash outflows is expected to increase from twelve (48%) in 2023-24 to eighteen colleges (75%) by 2027-28.

Universities

In September 2025, the SFC published its report on the [Financial Sustainability of universities in Scotland 2022-23 to 2026-27](#). The report found that financial sustainability remains challenging for many universities.

SFC highlighted that tuition fee income represents the largest source of income for the sector and that universities need international fee income to remain financially sustainable and to support other areas of their operation such as research, which is a loss-making activity. The report stated:

“There is an increasing risk that universities may not meet their international student tuition fee income targets as this continues to be an area of significant fluctuation and risk due to the competitive nature of the international markets, UK visa and immigration policy and geopolitical changes.”

SFC outlined the report's key messages in a [26 September 2025 briefing to the Committee](#), stressing that there are variations across the sector. Key messages included:

- The sector reported an underlying operating surplus of £17.2m for 2023-24, with the surplus forecast to rise to £51.5m in AY 2024-25 before declining to a deficit of £12.9m in 2025-26 and rising again to a surplus of £134.9m in 2026-27.
- The 2025-26 deficit is mainly due to low growth in tuition fees, reduced operating and investment income and increased staff costs due to pay inflation. The forecast improvement in 2026-27 is due to more optimistic forecasts for tuition fees, research income, and other income offset by smaller increases in staff costs (reflecting the full impact of the savings from staff restructuring in 2024-25 and 2025-26), other operating expenses and depreciation. However, the forecast improvement in 2026-27 is mainly driven by three universities.
- Nine universities reported underlying operating deficits during 2023-24, and forecasts show this increasing to ten in 2024-25 and eleven in 2025-26 before reducing to seven in 2026-27. Five universities are not projecting any underlying deficits throughout the forecast period.
- Universities' reliance on SFC grants is forecast to reduce by 2% (down to 22%) by the end of 2026-27.
- International fee income is expected to increase from £1,324m in 2023-24 to £1,532m by 2026-27 (15.7% increase) but projections will be revisited after the autumn 2025 student recruitment cycle.
- The sector cash position is forecast to reduce from £1,682m at the end of 2023-24 to £1,511m at the end of 2026-27. No university is forecasting a cash deficit throughout the forecast period; however, many institutions are taking proactive steps to keep them in a positive cash position.

Framework for Sustainability and Success of Scotland's Universities

In response to a question initiated by the Scottish Government on 18 December 2025, Minister for Higher and Further Education Ben Macpherson announced the Framework for Sustainability and Success of Scotland's Universities (FSSSU):

“...a collaborative project between the Scottish Government, Universities Scotland and other relevant stakeholders to co-design and secure a successful and sustainable future for Scotland's university sector.

This is an issue that goes beyond party political boundaries, which is why the work of MSPs from across the chamber in seeking to find common ground on these complex issues is desirable and important. The Scottish Government and Universities Scotland are engaging on a cross party basis on this work.

The framework will be driven by a Steering Group including representatives from the sector, from government, from staff and student bodies, and from the business community. This Group will oversee exploration of options for ensuring a sustainable and successful future for Scotland's 19 higher education institutions to 2045, and will focus on designing a route to support the sector to drive change.” – [Written Answer, 18/12/2025](#)

In a [letter to the Committee on 18 December 2025](#), FSSSU steering group co-chairs Scottish Government Director-General for Education and Justice Neil Rennick and Professor Andrea Nolan CBE set out that the group would meet for the first time in January 2026 and was expected to conclude its work in the autumn. Its recommendations are expected to be considered by the next Scottish Government.

The letter stated:

“Universities Scotland and the Scottish Government will develop and deliver a co-designed body of work to establish an evidence base that quantifies the current funding gap within the sector, considers the future purpose of Scotland's university sector and the reforms necessary to deliver a sustainable and competitive funding and business model that allows for greater long-term flexibility of provision, and which supports institutions to thrive. This work will be taken forward within the context of a publicly funded tuition fee model.” – [Letter to Committee, FSSSU steering group co-chairs](#)

Steering group membership will include Scottish Government officials, Universities Scotland, staff and student union representatives and employers. It will agree the scope of various workstreams and commission project groups. The full purpose and scope of the review is set out in the letter to the Committee. The work will be built on three ‘pillars’:

- **Pillar One (to conclude early Spring 2026):** Part 1 will bring together baseline evidence on funding levels and costs of delivery of teaching and research. Part 2 will look at tackling issues facing the sector.

- **Pillar Two (potentially to conclude summer 2026):** Sector led, looking at ways in which funding and sustainability challenges can be addressed through efficiencies and/or reshaping of the sector and/or what it delivers. Interaction with college pathways is highlighted as part of this work.
- **Pillar Three (potentially to conclude Autumn 2026):** Body of work looking at the issues and providing options to address funding and policy gaps.

Lynne Currie, Senior Researcher, SPICe

Date: 08/01/2026

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The Scottish Parliament, Edinburgh, EH99 1SP www.parliament.scot

Annexe B

NFUS written submission of 8 January 2026

NFU Scotland (NFUS) is the leading agricultural organisation in Scotland. Representing more than 9,000 farmers, growers, and crofters, our members provide and support thousands of jobs and deliver significant economic, social and environmental benefits across Scotland.

Agriculture is the lynchpin of rural Scotland and is an important part of Scotland's booming food and drink industry. Scottish agriculture generates a gross output of £3.3 billion annually. The farming and crofting sector is committed to sustainable food production, enhancing biodiversity and helping to tackle climate change.

- NFUS thanks the ECYP Committee for inviting us to give evidence on the financial sustainability of colleges and universities, and specifically Scotland's Rural College (SRUC). As the representative body for Scotland's farmers, crofters and growers, NFUS has a long-standing and close relationship with Scotland's Rural College (SRUC) and recognises its unique and nationally significant role.
- SRUC plays a vital role in:
 - Educating and training the current and future agricultural workforce;
 - Supporting innovation, productivity and sustainability through applied research;
 - Providing advisory and knowledge exchange services that directly benefit farm businesses and rural communities;
 - Contributing to national priorities on food security, climate change, biodiversity and rural economic resilience; and
 - Providing evidence for policy development for Government and other bodies, such as NFUS.
- The Committee heard previously from SRUC's Principal that long-term funding and policy recognition of SRUC's national role are essential. NFUS strongly supports this position.
- NFUS is concerned that the current funding model does not adequately reflect the complexity, cost base or national importance of SRUC's remit. Land-based education and research often require specialist facilities, practical training environments and close industry engagement, all of which carry higher costs than many traditional academic disciplines.
- Furthermore, short-term or uncertain funding arrangements risk undermining SRUC's ability to retain specialist staff and expertise, maintain high-quality teaching and research infrastructure; and plan strategically to meet future industry and policy needs.

- NFUS therefore believes that **long-term, stable funding** is essential to safeguard SRUC's contribution to Scotland's rural and agricultural sectors.
- The Scottish agricultural sector is undergoing rapid change, driven by technological innovation, climate and environmental pressures, and evolving policy frameworks. SRUC is central to equipping future entrants and existing farmers with the skills required to adapt and succeed.
- SRUC is fundamental in delivering the ambition of supporting the diversification and modernisation of courses, ensuring provision reflects future workforce needs, including digital skills, business management, sustainability and climate resilience; and strengthens pathways into land-based careers for young people and those transitioning into the sector.
- NFU Scotland urges the Committee to recognise SRUC's unique national role and the essential contribution it makes to Scotland's rural economy, food system and environmental objectives. Long-term, appropriately targeted funding and supportive policy frameworks are critical to ensuring SRUC can continue to fulfil its remit and respond effectively to future challenges.
- NFUS looks forward to continuing to work constructively with SRUC, the Scottish Government and the Committee to support a resilient and forward-looking land-based education and research system.

Scotland's Rural College (SRUC) written submission of 6 January 2026

Thank you for the invitation to attend the meeting of the Education, Children and Young People Committee. I am grateful for the opportunity to further highlight to the Committee the work and ambition of SRUC, and to answer any questions which the Committee has.

I particularly welcome the timing as, in just a few weeks, SRUC will be launching its refreshed strategy for 2026-2031, built around a vision, mission and purpose that is both ambitious and innovative while remaining authentic to our identity and mission.

As a result of financial pressures facing the individual institutions, SRUC was formed in 2012 following the merger of the Scottish Agricultural College (SAC) with the regional colleges of Barony, Elmwood and Oatridge.

For your information, I have attached the original document, which details the rationale for this merger, as well as long-term challenges – both in terms of finances and estates.

The document reads: “The new organisation can better plan a coherent programme of teaching and research that meets the needs of learners, research clients, Scottish economy and international markets.”

Barony, Elmwood and Oatridge colleges and SAC prepared an outline vision of what success of the new organisation would look like, based on the following principles:

- a national, integrated solution for the tertiary education and training needs of the land-based sector
- a single entity solution for the skills and needs of the land-based sector
- business synergy to address financial sustainability
- coherence from a Scotland-wide perspective in the delivery of tertiary education and training for the land-based sector in Scotland (now and in the future) and to enhance the efficiency and effectiveness of that delivery.

Just over a year ago, we became the first higher institution in Scotland in nearly two decades to gain taught degree awarding powers. This was a very significant achievement for SRUC and, as you will see from our updated vision, mission and purpose below, we are committed to building on this success and continuing to serve Scotland with our unique tertiary education model:

Vision: *By 2031, SRUC will be a global tertiary powerhouse, a place-based university college working collaboratively to build a sustainable future for the natural economy.*

Mission:

- *We will redefine what tertiary education means in the 21st century.*
- *We will create a high-performing innovation and skills ecosystem that powers a natural capital-based economy.*
- *We will help to address major global challenges of climate change; food, water and energy security; and biodiversity loss.*
- *We will drive imaginative new ways of working between Business, Government, Communities and academia.*

Purpose: *To deliver sustained impact and innovation in the natural economy and create a sustainable future for our staff and students, communities, business and the environment, in Scotland and globally.*

While our strategy is bold, with a strong emphasis on sustainability, you will see that we continue to stay true to our roots of being a distinctive, place-based institution that is truly tertiary.

As I stated during my last appearance at this Committee in June 2025, we have an unwavering commitment to both further and higher education. This is why, after gaining taught degree-awarding powers, we aim to become Scotland's first university college.

You can find excellent examples of the kind of unique opportunities and pathways offered by SRUC's tertiary model in [Grow – Stories of Progression at SRUC](#).

Dr Jillian Gordon, for example, is someone who embodies the spirit and tenacity of SRUC. Beginning her journey with us studying for an HNC in Bioscience, Jillian then progressed to an Honours Degree in Applied Animal Science, followed by a Masters in International Animal Welfare Ethics and Law. She has recently completed her PhD in Agriculture in Food Security and is now a hugely valued member of our teaching staff at Oatridge as well as an animal welfare entrepreneur.

The SFC report on financial sustainability of Scotland's universities shows finances for 2022-23 and 2023-24, which set out the financial sustainability challenges that SRUC faced prior to the implementation of a financial recovery plan as approved by our Board in December 2024.

In common with many other Scottish institutions, we have faced significant financial challenges. However, as evidenced by our 2024–25 accounts, our Financial Recovery Plan is delivering tangible results.

Through sustained focus, disciplined execution, and the willingness to take difficult decisions, we have materially improved our financial position. The operating deficit for 2024–25 is £6.7 million, which reflects a 16-month accounting period following the change to align our financial year with other educational institutions.

This represents a substantial improvement against both the prior year operating deficit of £10.8m and the counterfactual “do-nothing” position, which, under flat funding and inflationary pressures, would have seen the deficit increase to around £13 million.

We are forecasting a further reduction in the operating deficit to £2.1m in 2025–26, with a return to surplus thereafter. For completeness, I attach our 2025 financial statements, presented on a 16-month basis, which evidence this progress and our continued alignment with the Financial Recovery Plan.

This does not mean that there will be no further changes, as the current funding environment is driving sectoral change at an unprecedented rate. We are already transforming and we anticipate, welcome and are prepared for significant and more radical collaboration across the sector.

We continue to work closely with the Scottish Funding Council and have been encouraged by positive feedback from SFC on the progress we have been making in delivering the early stages of our Financial Recovery Plan.

The SFC would be happy to be approached for further comment on our financial recovery should the Committee wish.

Despite SRUC's evolution since the merger, our delivery of tertiary education and training for the land-based sector, ensuring Scotland has the skilled workforce it needs to meet current and future demand, remains steadfast.

We have made considerable progress with reform and development and we have invested in our future.

In recent years, our world-leading research has continued to go from strength to strength. Not only have we gained taught degree awarding powers, but we have also opened the first new vet school in Scotland in over 150 years, and we recently won the Queen Elizabeth Prize for the third time. This was a remarkable achievement, on this occasion for our hugely impactful Scottish Farm Business Survey, which has been helping to inform agricultural policy in this country for almost a century.

The value of the Scottish Farm Business Survey has been shown recently, with the National Farmers Union Scotland (NFUS) citing our research to show that only 26 per cent of Scottish farms included in the survey will fall under the £1 million relief cap, “further highlighting the need for consultation”.

Last month, the UK Government announced that it would increase the threshold from £1m to £2.5m.

Our School of Veterinary Medicine and Biosciences is equipping students from some of Scotland’s most remote rural areas with vital skills. Our new two-school model is now up and running with the creation of the School of Natural and Social Sciences, geared at equipping students with the knowledge and skills to tackle some of the biggest challenges facing society and the environment.

We remain embedded in the Scottish agricultural industry, with SAC Consulting working with more than 10,000 farmers and crofters throughout the country.

The Scottish Government is in no doubt of our value and importance to this country. In a letter we recently received from Jim Fairlie to congratulate us on our latest Queen Elizabeth Prize win, the Minister for Agriculture and Connectivity writes: “Since its foundation, SRUC has consistently delivered research, knowledge, and practical solutions that have shaped Scottish agricultural policy and practice, supported rural communities, and advanced the sustainability and resilience of our countryside.”

He adds: “The Scottish Government greatly values SRUC’s contributions to informing policy on agricultural reform, sustainability, net zero, and rural development. Your work exemplifies the highest standards of academic excellence, practical impact, and public benefit.”

Through new infrastructure such as our Vertical Farm in Edinburgh, Dairy Nexus at Barony, and RAVIC in Inverness, we have made considerable progress with reform and development and we have invested in our future.

As reported on the front page of *The Courier* on 20 December [<https://www.thecourier.co.uk/fp/news/fife/5398605/elmwood-college-cupar-degree-course/>], this year we will be launching the first ever degree course at Elmwood – a BSc in Sustainable Golf Course Management.

In addition, I pleased to inform the Committee that we have recently commissioned Professor Sir Ian Boyd, the former UK Chief Scientific Advisor at Defra, to lead an independent study into future economic growth opportunities in North East Fife, focused our Elmwood Campus.

He will explore how – over the next ten years – SRUC can harness local and national strengths to maximise economic impact, innovation, skills development, and community benefit in and around Cupar and north-east Fife.

The study will involve extensive consultation with stakeholders, including staff, students, the local community, elected representatives, local authorities, colleges and universities, research institutes and key businesses connected to the natural economy and golf sector. It will report formally to SRUC by 31 March, with findings to be shared publicly alongside SRUC’s response.

In summary, by building on our distinctive business model that integrates multiple revenue streams from research, education and commercial sources, we have been able to maintain a place-based, regional presence.

This provides the foundation for SRUC to go further and become a fully integrated and resilient tertiary powerhouse with global reach and local impact.

I hope you find this information helpful and I look forward to meeting with you next week.