ENVIROMENT AND RURAL DEVELOPMENT COMMITTEE

AGENDA

2ND Meeting, 2003 (Session 2)

Wednesday 25 June 2003

The Committee will meet at 9.45 am in the Chamber, Assembly Hall, The Mound.

1. **Declaration of interests:** Members who have yet to declare any relevant interests will be invited to do so.

2. **Work Programme:** The Committee will consider its future work programme.

3. **Scottish Agricultural College:** The Committee will take evidence from—
   
   - Steve Tweed, Prospect Scotland
   - Dr Mark Hocart, Scottish Agricultural College (Edinburgh)
   - Charlotte Gilfillan, Student Representative
   - Peter Chapman, Save Craibstone Campaign
   - Brian Pack, The ANM Group
   - Cllr Andy Hill, South Ayrshire Council
   - William Campbell
   - John Allan, Midlothian Council
   - Professor Bill McKelvey, Scottish Agricultural College
   - Alasdair Laing, Scottish Agricultural College
   - Douglas Wynn, Deloitte & Touche

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The following papers are attached or are relevant to this meeting:

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12 Key Issues in the Strategic Review of SAC:

Deloitte & Touche has been asked by SAC to accompany its representatives to the meeting SAC had requested with the new Rural Development Committee to discuss its recent strategic review. We very much appreciate the opportunity this will give us to engage in direct discussion with Members on the way forward for SAC.

In this note, and in any discussion or answers to questions by the Committee, Deloitte & Touche will give its own independent views (as it does in all its advice) and will aim to offer constructive input on the many difficult issues facing SAC. This note gives Deloitte & Touche’s views on the key issues in the debate over SAC’s future but is not intended to give a comprehensive overview. Members who have not already done so are urged to read the seven-page Executive Summary of our reports, which we understand has been circulated to the Committee. References in this note relate to evidence in the appropriate sections of our two main Reports (Phases 1 and 2) which have themselves been made widely available.

1. The roots of SAC’s difficulties are in its education provision, and remain essentially those which drove its creation in 1990:
   - a high cost base (due largely to operating large and dispersed campuses);
   - weak and declining student demand for its courses;
   - reducing grant aid from government.

   Then, as now, strong local loyalties and economic development issues complicated the discussion of organisational efficiency and led to divided counsels.

2. The 1990 merger of the three predecessor colleges was not accompanied by any significant action to achieve efficiencies through estates rationalisation, as might have been expected. Lack of effective action since then by SAC and its funders to address these fundamental issues has left a legacy of an educational estate which is increasingly inappropriate for SAC’s all-Scotland educational mission and for modern best practice in tertiary education – at least four times more space than is needed, provided at three campuses which are too widely dispersed to allow efficient deployment of a small staff, and with ‘nodes’ of activity rather than a coherent all-Scotland delivery strategy.

3. These factors are more pressing today as the demand for agriculture-related courses has weakened and SEERAD has continued to reduce its grant aid towards levels closer to those provided to all other Colleges in the UK. The ‘funding premium’ from SEERAD which has hitherto supported an inefficient configuration of campuses is declining, requiring SAC to take practical steps to bring its cost base into line with best practice elsewhere.

4. SAC is not exclusively, nor even primarily, a College in the sense of a provider of educational courses. It is today a largely commercial hybrid
organisation with its core businesses focused on direct advice to the agricultural industries and communities. Though the most visible part of its activities at local level, education only comprises some 19% of its income, and SAC must consider the impacts of its educational operations and configuration on the viability of the much larger research and development, veterinary and consultancy services. Like a three-pointed iceberg, what is seen by most observers, especially at local level, is only part of the entity which SAC’s Directors must consider as they discharge their responsibility in law to ensure the survival and viability of SAC.

5. The issue of student numbers is addressed at a number of places in our Phase 1 and Phase 2 Reports. The key points are these:
   - SEERAD-funded student ftes peaked in 1995/6 and 1997/8 and have declined since. Commercial training has increased to kept the overall fte total constant;
   - our financial model assumes the continuation of the present 1,067 ftes;
   - our overall SAC capacity planning is based on support – including to remote students in areas hitherto less well served – for a maximum of 1,500 ftes;
   - our campus capacity planning is based on support on campus at any one time of a maximum of 1,200 student ftes.

Student numbers which are likely actually to be achieved – either within the current course delivery arrangements or under the more modern ‘blended learning’ model of on-campus and digital outreach provision as envisaged – are not amenable to reliable projection. After long consideration and in view of persistent inaccuracies, even in stable institutions, SHEFC has just reduced the ‘student number planning horizon’ it asks all HEIs to apply from four to two years. In the current context no longer period of projection nor higher level of certainty can realistically be expected in SAC’s case, whether or not our recommendations are implemented.

6. It is unlikely that the progressive reductions in SEERAD funding of education at SAC will be reinstated to levels which support SAC’s inherited campus configuration and it may be thought reasonable, in that context, to allow (perhaps even encourage) SAC to adjust its estate and operations for greater efficiency. This would implement Executive policies on Best Value. In practice, SAC has been left in an impasse of reducing educational grant, coupled with delays in achieving the improvements in its cost base needed to accommodate that reduction. If this impasse is not resolved quickly, uncertainty, dispute and delay may well result in declining student applications, the loss of SAC’s best staff or the further deterioration of SAC’s already difficult finances, or all these.

7. The policies and decisions of successive SAC Boards and their funders have to be judged against this background. For the record, Deloitte & Touche has expressed at several points in the Phase 1 review process its own criticisms of aspects of the strategies which SAC’s Board and funders adopted in the early-to-mid nineties. However, the greatest influences on viability have always, in our view, been the weak state of SAC’s markets, including that in education, coupled with the high cost base which in turn is driven by SAC’s estates configuration.
8. Again for the record, we assure the Committee that we have not been pressured into making any of our conclusions or recommendation, and stand by them.

9. Similarly, we wish to be clear on the responsibilities for the ‘weighting and scoring’ of options in this appraisal, in terms of strategic criteria. It is accepted practice in an options appraisal for those charged with running the organisation to frame the options, identify the key criteria and subsequently to score the options. Deloitte & Touche facilitated and recorded that process in conjunction with SAC’s Management Team just as it has in other Treasury ‘Green Book’ appraisals. Though the Executive Management Team ‘owned’ the core decisions within this process, Deloitte & Touche advised them throughout, commented as appropriate, ensured consistency of scoring and prepared the graphs and reports. We know of no grounds whatever to doubt the integrity of SAC’s participants in the scoping or scoring of options. At no point over many ‘workshops’ was it ever suggested that scorings should be adjusted to deliver pre-determined conclusions and nor would we have been party to any such act.

10. The methodologies used in our reviews of SAC, including the critical Options Appraisal, follow recognised best practice and government advice in such matters. The scoping and appraisal of the nine options considered by us followed ‘Green Book’ advice throughout. So far, we have seen no coherent refutation of our analysis or conclusions, despite close questioning by SEERAD economists and property specialists and a further and wholly independent review by a prominent property advisory practice.

11. The current review of SAC did not itself consider the wider economic impact of SAC’s decisions. That was not an oversight. SAC’s Directors are responsible for the viability of the organisation. Though SAC wishes to be as helpful to local economies as it can be, that must not compromise its own survival. A separate Economic Impact Study has been undertaken by Enterprise Ayrshire (using figures provided by SAC) of the likely effects of a total withdrawal of all SAC’s activities from Auchincruive. It must be emphasised that that is not, and has never been, SAC’s intention. Nevertheless, it is essentially for government to address local impacts, and to determine the applicability or otherwise of its own policies on dispersal of NDPBs in the case of a body which is actually and legally independent. We recognise that the recommendations of this review are deeply uncomfortable for many interests, even if necessary for SAC.

12. The argument has moved forward in significant ways compared to the positions at the end of 2001/02. There is now:
   • a general acceptance of the need for a significant rationalisation of SAC’s estates and locations;
   • majority acceptance of the case for the consolidation of SAC’s education and administration onto a single campus; but
   • continuing differences on the narrow point of which campus that should be.

Most seem to accept the case in principle for a holistic solution, but the difficulty is that no one particular solution can ever command a majority of
local interests. The remaining objections are mostly on the basis of local interest and general economic activity (which is entirely understandable) rather than any holistic, factual or original counter-arguments to the case made for rationalisation.

References

i Phase 1 Report 25 October 2002 (P1) Section 5.4 and Appendix 3: The overall cost of educating each full time student at SAC in 2000/2001 was calculated by SAC at £10,067 per annum, against which SEERAD made funding grants equating to £8,727 per student (£6903k in grant, with 791 ftes) across a mix of further and higher education courses. In the same year the general level of SHEFC grant per student in (more expensive) higher education in Scotland was £6,272 for Science, £6,595 for Technology and £3,952 for Business and Administrative Studies courses. (The resourcing level of SAC by SEERAD fell to £7,700 per student in 2002/03, on 750 ftes, and will converge further). Phase 2 Report 20 February 2003 (P2) Section 4.

ii P1 Section 2 and 5.4.

iii P1 Appendix 3.


v P2 Section 4.7. 12,800m² of efficient space is needed for education, but SAC has at least 58,500m² of educational accommodation of varying quality and efficiency.

vi P1, Section 5.4.

Submission from B S Pack, OBE, Chief Executive, ANM Group Ltd

SAC’s proposal is that they will centralise on two sites in Edinburgh, with education at the King’s Building in the centre of the Edinburgh University campus, and their head office and research sited out of town at Bush Estate. The very fact that they are proposing separating their headquarters and research function from teaching is a great disappointment to one who believes in the Scottish system. The Scottish system - recognised the world over for its efficiency - is where research and development and advisory/consultancy are linked with teaching. The best model is where researchers teach and advisers can meet readily with researchers and can also take part in teaching. The proposal to occupy two quite remote sites in Edinburgh will make delivery of the Scottish system more difficult. The choice of the Craibstone campus, within Aberdeen city boundary, but just outside the town proper, must be the correct choice for SAC and the efficient delivery of the Scottish system.

The argument for Craibstone rages on two fronts - the first being that SAC needs to have a geographical spread for its activities, particularly teaching. This argument is, I believe, being put forward by students and staff. However, the other front is that if SAC is to be in a single campus, then that should be the Craibstone site, which has much to offer, both to the benefit of students and for the future of SAC. For myself, I accept the arguments made for a single site and believe that much organisational efficiency and cost reduction would be gained. But, of course, it depends on what is in the wider society’s best interest. We have to look to the Scottish Executive to gather opinions and promote a view of what the future look of our land based college, particularly agricultural education, should be.

The most convincing argument for choosing the Craibstone site is its rural location, with easy access to an important city. Within a year or two, it will neighbour a major park-and-ride facility for Aberdeen city. The bonus of Craibstone being a short ride to the heart of the city, while a short ride in the other direction is the heart of a fertile agricultural area, should not be ignored. SAC is very much involved in vocational education and one would expect a very strong link with its industry, both for teachers, researchers and students. Such links can be easily fostered in the Craibstone site whereas I believe the truly urban nature of Edinburgh makes it much more difficult. Aberdeen as a city has a much greater rural bias than Edinburgh and has long been seen as the administrative centre for agriculture. The very fact that Aberdeen Town Council, along with Aberdeenshire and Moray, passed a resolution deploring the closure of the Craibstone campus, identifies these links. The ability of SAC staff and students to engage in rural affairs in the North-east cannot be underestimated. The current situation here in the North-east, where many key SAC staff live in rural communities, is very important.

The case for the North-east’s site is further strengthened by the cluster of agriculture and food-related businesses and related organisations based in the North-east. We have the world-renowned Rowett and Macaulay institutes in Aberdeen and the Food Standards Agency for Scotland and the only university in Scotland offering a degree in agriculture. The area also has a large share of Scotland’s food processing sector. The relative importance of agriculture to the
North-east compared to Edinburgh and its surrounds strengthens the case for Craibstone from an economic growth perspective. Looking at the economic arguments, one can also easily identify that Edinburgh has much more going for it in terms of wealth creation as a result of the creation of the Scottish Parliament. The multiplier from this investment is much greater than was originally envisaged as is typified by the price of houses and land in the Edinburgh area. The location of yet more quality jobs in the Edinburgh area must be deplored, particularly at the expense of fragile areas. The multiplier effect of economic activity has been recognised by the Scottish Parliament who have a clear view on the dispersal of jobs out of the central belt - hence the re-location of Scottish Natural Heritage to Inverness. Surely our political masters will not agree to SAC concentrating all its resources in an Edinburgh campus?

The basis of SAC’s decision to relocate all activities in Edinburgh is a report by Deloitte and Touche. The report was commissioned by the board of SAC at the insistence of the Minister for Environment and Rural Affairs, Ross Finnie. While to me, the report provides a basis for deciding where to go, it does not provide the final answer. The various analyses presented in the report could be refined and lead to other options. Such an option is one centering on the Craibstone campus but releasing substantial capital out of the extensive site. With the route of the eastern leg of the peripheral route now decided, there is an opportunity to look at developing the Craibstone land near the by-pass. Surely Aberdeen planners would look favourably on proposals to provide a mixed development where the planning gain would finance a new campus to house the whole of SAC in Aberdeen. Well not the whole, as the leading research work being carried out by SAC at Bush should stay there. SAC’s research based on two geographically remote sites should provide real benefit by engaging fully in more of Scotland’s renowned research centres.

As far as the Deloitte and Touche report is concerned, the presence of halls of residence on a campus are a major drawback to choosing that campus. The logic here is that the halls of residence require considerable investment to ensure they meet current standards and legislation. The implication in the report is that the Craibstone campus cannot survive without a certain amount of on site student accommodation. In the Edinburgh choice, there is no need to supply halls as the students can find their own accommodation - somewhere. This logic must be flawed, as it is not comparing like with like. It could be argued that Craibstone could survive without halls of residence and that the students travelling from Aberdeen to Craibstone will travel no further, and possibly have an easier journey, than those having to make their way from different parts of Edinburgh to the King’s Building campus. Possibly the Craibstone halls of residence could be sold or - based on the Deloitte and Touche analysis - given away to a national operator of student accommodation. It could be that first year agricultural students get preference for the halls and thereafter make their own way in the city of Aberdeen while non-agricultural students from Aberdeen may wish to stay at Craibstone. The report suggests that students benefit from learning in an environment of mixed disciplines. But surely where the students actually sit to learn is unimportant so long as it is a decent environment conducive to learning - what better than the Craibstone campus? Where the argument has merit, is that it must be wrong if the agricultural students have to study and live in a world remote from any other students. However, I understand that the current SAC students at Craibstone find their way into the “flesh pots” of Aberdeen and share these with
students from other disciplines. The Craibstone halls of residence providing accommodation for students from different disciplines must overcome this objection.

It may well be that after carrying out a more refined analysis of the Craibstone option, it proves more expensive than the twin-site Edinburgh option but this does not mean that it should be abandoned. The best interests of society must decide even if it comes at an additional price - after all what is an additional £1 million on top of the current £17 million public money spent on SAC? The decision on which campus is clearly a matter for our new Scottish Parliament
SUBMISSION FROM CHARLOTTE GILFILLAN

We believe that SAC has to implement major changes to its structure in the next few years to survive, but we do not agree that rationalisation of two of its best assets is the way forward. The proposals are unjust, unfair and unworkable and the situation has to be reviewed.

1. The Learning Experience

(i) The Campus – Craibstone Estate provides tailor made facilities for the students who attend the courses. Its rural location just outside Aberdeen makes it an ideal site for students as it provides the rural setting and resources required for land-based courses, yet is within easy reach of Aberdeen for all other student needs.

(ii) The Resources – The estate offers a variety of exceptional resources for all courses offered at Craibstone.

- **Ferguson Building** – A custom built facility that comprises offices, modern teaching facilities, laboratories, extensive I.T resources and the capacity to accommodate 500 students.

- **Accommodation** – The estate provides over 100 places for students within its halls of residence and the surrounding farm cottages. Sutton Halls is the newest residence with 60 en-suite rooms and disabled facilities. Mackie Halls also has rooms and houses the campus refectory, student bar, poolroom, multigym, steam room and sauna.

- **Other educational buildings/resources** – A number of other buildings on the estate are utilised for teaching purposes. The Cruickshank building houses the engineering department where students participate in practical classes and is also the base for spraying and forklift certificate assessments for students at the college and also for the local agricultural community. The Goughburn building is the base for extensive embryo research and is also used by students who undertake postgraduate courses in that area. The college’s organic farm is utilised by students from a number of courses looking at building construction, organic farming and the milking of the dairy herd which is part of the diploma/HNC/HND course in agriculture. The golf course also offers students the chance to see how a leisure/business facility is run and managed. The estate offer’s a variety of countryside habitats, which are utilised as teaching aids. The extensive woodland areas, arboretum, pond and fresh water environments are vital to the teaching of the Agriculture and Countryside management courses.

- **The Staff** – The staff of the college are crucial to the learning experience of the students. The interaction of students and staff is unique and is unlike any other educational institution. Many of the staff who are in residence at Craibstone are amongst the world leaders in their field. This makes the education provided at Craibstone an unrivalled choice as they are taught up to the minute information and in some cases can see it put
into practice. The link of staff experience in research and consultancy provides exceptional chance for students to learn from people with expert knowledge of the industry.

2. Comments on the Deloitte and Touche Report

(i) Student Numbers
At the present time, the Edinburgh campus has the lowest number of students out of all three-college campuses. The figures stand at:
- Edinburgh 146 students
- Craibstone 200 students
- Auchincruive 360 students
On this basis we believe the projected numbers of 737 actual students at a centralised Edinburgh campus are totally unrealistic.
It is felt by the current and former students of Craibstone that the reports projections of maintaining and increasing student numbers is unrealistic for the following reasons:

(ii) Living costs – The cost for a room in a hall of residence in Edinburgh is £95/week, while Aberdeen is £79/week and Auchincruive is £65/week. Due to the fact that the college does not have any accommodation facilities in Edinburgh and that none are planned within the proposals. This means that SAC students may get a place in Edinburgh University Halls of residence but only after Edinburgh students, so there is no guarantee of places in halls for SAC students. As a result many would then have to find other rented accommodation. At present the housing market in Edinburgh is very competitive and is also extortionately expensive. The agricultural industry is facing a financial crisis at the moment and as a result many students would not be able to afford rented accommodation ranging in prices from £400 upwards/month. When this figure is compared to Auchincruive and Craibstone at £195 and £250/month respectively, it is clear that many students could not afford to move.

(iii) The location of the campus - The current location of the Craibstone Campus means that a great number of students are local to the surrounding area. With this in mind, a number of them will commute daily to the college. This is so that they are able to help on the farm at every opportunity. Students who are residents at Craibstone take the opportunity to travel home at weekends and periods throughout the week to work as well. If they were situated at Edinburgh then this would not be a feasible option for many of the students. The Craibstone Campus also serves the wider local community in that there are a number of students from Orkney, Shetland and the Western Isles. Craibstone is an ideal location for these students as transport links are easily accessed.

(iv) Edinburgh as a Centre – There are many educational institutions within and around Edinburgh. If the move was made to the area then SAC would be swallowed up and no doubt be out competed by other colleges who already have a good base for recruitment. SAC would also lose that individuality that it has at present, and not be one of the prominent businesses in Scotland. It
has been repeatedly emphasised by the SAC board that by moving to Edinburgh the students would gain a more cosmopolitan experience. Furthermore a student statement from the Edinburgh campus said that:

“.... the creation of a new hub for the college in Edinburgh would help revitalise life for those studying at it.”

Press & Journal

29/03/03

We feel that if the Edinburgh campus needs to be revitalised it is not of the high standard stated by the board. We the students feel that we already have a vital and broad experience at Craibstone and Aberdeen.

(v) Recruitment – At present the college undertakes very limited advertising for the courses on offer. Despite the fact that there are a number of ‘Open Days’ through out the year at the college and that SAC staff attend a number of school careers evenings along with agricultural shows and other public events, the maximum intake of student numbers is still not achieved. If this is the case at present, we the students feel that this will still be the case in the future and that the projections within the proposals are unachievable and unrealistic. If the proposals are implemented then recruitment will drop and be seriously affected. We believe that effective marketing of courses at Craibstone would increase student numbers there and give increased economies of scale, without risk of a drop in student numbers that would happen if the move to Edinburgh goes ahead.

(vi) The Current Students – The current students at the Craibstone estate come from a number of locations throughout Scotland and the rest of the UK. As stated previously there are a number from the Northern and Western Isles, which choose Craibstone to be their study base. However there are a number of students who come from other areas i.e. the Borders region of Scotland and England but still choose Craibstone to be the base for their studies. It is recognised that there are other further education establishments closer to home e.g. Edinburgh SAC is closer to the Borders than Craibstone is, however the students still chose to come to Aberdeen. This shows a better quality experience gained at a rural campus, especially for rural-based courses. You only need to look at the successful recruitment of students at other land-based colleges in rural locations to see this is true e.g. Harper Adams, Writtle, Royal Agricultural College.

(vii) Alternative institutions – Should the proposals be implemented a number of students will be lost to other institutions e.g. local authority colleges and so the number of students will drop even more. If students have to travel far from home it is highly likely they will go farther afield to get courses on campuses that reflect their e.g. Harper Adams, Cirencester, Aberystwyth and Derby.

3. Other Issues Regarding the Report
There are a number of other areas which we the students, feel should be addressed.
(i) Scottish Executive Policy
The SAC plans to centralise in Edinburgh run counter to the Executives policy of trying to avoid further publicly funded jobs being located in the Central belt. If Craibstone and Auchincruive were properly re-organised, the best option for SAC may well be to retain Craibstone and Auchincruive, sell the Kings buildings in Edinburgh and to invest the money in further research facilities at the Bush Estate.

(ii) Consultation of Stakeholders
The consultation of students at the earlier stages of the D&T report, in our view was not suitable and the views of students were not properly considered. There were a number of emails (four in total) circulated to students at the end of June 2002 informing us of the opportunity to share our views and thoughts. However it should be noted that the time that they were circulated around the time of the Highland show when many students were away from the Craibstone Campus. Therefore 85% of the students did not receive the e-mails until term started again in October 2002, so were missed being consulted. This reason is also the cause of the extremely low turn out at the consultation results meeting with representatives from the senior management in October, as none of the students knew what it was about. There is also the issue of the student Questionnaire. The purpose of the questionnaire was not made obvious to students, and was issued at a time when many students had gone home for the holidays, and we know from canvassing the students that a large number would not move to Edinburgh to study. However, we have not seen the final figures from the questionnaire as the D&T report mentions that the actual figures are in a ‘confidential market analysis of education’ (page 20 of D&T). This should be made public as the D&T conclusions are based on data contained within it.

(iii) Digital access
Much has been made by the SAC board of the possibility of increasing student numbers by flexible learning. While this may be suitable for some types of courses, digital learning is not appropriate for many of the courses run by SAC. We as students place a very high value on practical experience, practical visits and the hands on teaching experience we currently get from SAC teaching staff. In addition one of the major strengths of SAC is the ability to progress from certificate and diploma level, all the way to degree. This means students who have not achieved the exam grades at school that would let them enter a university, can still work their way up through the system. Such students need a lot of support, especially as they come to college at a fairly young age, and are unlikely to be motivated to study on their own in flexible learning courses. The support these students need can only be gained in a good learning environment such as that at Craibstone, and not a digital system.

(iv) The Weightings Scores
The assumptions and weightings appear to us to be totally biased and in favour of Edinburgh, and were certainly not done on an objective basis. The student questionnaire is mentioned on p.30 under ‘student living environment’,
but the actual results of the survey are not given – We would like these figures to be made public. In the same paragraph the report acknowledges ‘the increasingly localised recruitment pattern which SAC displays’. This backs up our belief that student numbers would drop if SAC centralised to Edinburgh. According to the chart on page 32 of the D&T report, Edinburgh has a better student learning environment than Craibstone has despite the fact that Craibstone has the most up to date and purpose built teaching facilities. The student living environment is also stated as being lower at Craibstone than in Edinburgh despite the fact that the Edinburgh students stated that by bringing more students to Edinburgh “…would help revitalise life for those studying at it.”

Under the heading ‘student learning environment’ the D&T report (p. 30/31) states that ‘better access to physical resources in libraries, bookshops and other support services were seen as great advantages’. This has obviously been produced by people with little knowledge of how the campus at Craibstone Operates: all students are matriculated to Aberdeen University, so have a free access to the University library, sports and other student facilities which are only 5 miles away from Craibstone and on a main bus route. It is therefore obvious that the weightings are unrealistic and inaccurate.

The agricultural industry needs to move forward but if the proposals of the report are implemented then the students feel that this will not be the case. By moving the College from the Northeast, an area which is deeply reliant on agriculture, to an area where manufacturing, business, administrative and technology are the main functions appears to be ludicrous. SAC should stay in the heart of the industry and not miles away in a city. The industry is crying out for young people to take it forward and if they can not do that easily by attending Craibstone then the industry will to lose out. An Edinburgh MSP stated that moving to Edinburgh would take the industry forward but we strongly disagree in that we believe it would set the industry back 50 years. Changing courses to distance learning will not allow the students to keep getting the up to date information that they get at present, from staff who have close liaison and involvement with farmers and the agricultural industry.

The Scottish Agriculture College at present serves Scotland’s young rural based students, however if the proposals from the D&T report go ahead then the Scottish Agriculture College will be committing financial suicide and will become a joke, rather than being the prominent and respected college it is today.
SUBMISSION FROM THE AYRSHIRE WORKING GROUP

Background:
The Ayrshire Working Group (The Group) was established as a response to concerns over the impact the potential closure of SAC Auchincruive would have on Ayrshire and on the South West of Scotland in general.

The membership of the group is attached as appendix A.

A statistical profile of SAC Auchincruive is attached as appendix B

The Group recognise the fact that SAC requires to review its operation in the light of its current financial position and accepts that considerable work has been undertaken by SAC to make this an informed review. The Group is however concerned that there has been insufficient consultation and communication between the SAC board and other stakeholders.

The Group is therefore responding to the current situation from a position of limited knowledge of the intentions of the SAC board. Nevertheless the members of The Group and their respective organisations/constituents have genuine concerns related to any closure at Auchincruive. These fall into 3 main categories, namely Economic, Social and Environmental. This paper will expand on the concerns in each of these areas and then examine some potential ways forward that may or may not have been explored by SAC.

Economic issues:
SAC Auchincruive contributes some £9 million directly to the Ayrshire economy and a further £1.1 million indirectly. The number of direct jobs supported are 245 of which a significant proportion are in the medium to well paid category. Indirect jobs are calculated at 117. There are 478 students enrolled, 95% of whom are full time and it is calculated they spend some £1.8 million in the local economy.

Additionally, the organisation has significant intellectual property and prestige which enhances not only the organisations profile, but that of Ayrshire as a whole.

The direct financial effect of closure can be easily demonstrated and the impact on downstream jobs apparent. However the impact of the loss in terms of Ayrshire’s economic profile and external image is incalculable.

The Deloitte Touche Report which informed much of SAC’s considerations, favours centralising SAC’s operations on the Edinburgh Campus. This option appears to be the favoured by the SAC board. This is contrary to the expressed wish of the Scottish Executive that economic benefit should accrue to the regions through devolved administration. Given that the College receives 41% of its funding from the Scottish Executive, the Ayrshire Working Group would expect the decisions of SAC to acknowledge and reflect the Executive’s policies in this respect.

Auchincruive is located in an area designated as an Assisted Area by the Scottish Executive as a measure designed to retain and promote jobs. The strategic
withdrawal of a Government funded agency in favour a site in the already “over heated” city of Edinburgh appears to be a contradiction worthy of further debate.

**Social issues:**
SAC Auchincruive mainly serves the South West of Scotland from where the majority of its students are drawn. Some 478 (55%) of SAC students attend the Auchincruive Campus. Of these, 368 live off campus. The Ayrshire Working Group fears that if the educational facility is moved to Edinburgh, a significant number of these students will opt not to follow.

There are several reasons why this may happen. Firstly, accommodation costs for students are liable to be higher in Edinburgh. Secondly, a significant number of students, primarily although not exclusively from the farming community, live at home. Not only to save costs but because they are also essential contributors to work on the farm. Moving the educational service to Edinburgh would effectively exclude these individuals from participating. The Group can see no evidence of this impact having been quantified or considered as part of SAC’s decision-making process. The Group maintains that this work should be a high priority for SAC and the Scottish Executive before any final decision is taken.

The work force employed at SAC Auchincruive has been stable for a number of years and has a low turnover. While the Group recognise that job mobility is a feature of modern society, they ask the Committee to consider the impact of the closure in terms of the families of these employees and the communities in which they live.

The Auchincruive campus is a significant community asset in terms of the services and facilities used by the local community. The Ayrshire farmers market makes significant use of the Food Hall, the Auchincruive Enterprise Learning Centre has 100 registered users. The campus itself has a number of rights of way and formalised paths used extensively by the public. Its facilities are widely used by many organisations for events and meetings not associated with the work of the college.

**Environmental issues:**
The Working Group notes that if the move to Edinburgh were undertaken the intention would be to sell the campuses at Aberdeen and Auchincruive. The Deloitte Touche report prepared for SAC, identifies concerns that Auchincruive, and to a lesser extent Aberdeen campus, have suffered from a low level of retained value on past investments which would suggest that the book value of the campuses may be too high.

Auchincruive is in the area classified as green belt in the South Ayrshire Local Plan, which imposes strict development constraints on the land should the current use be discontinued.

It is also understood that much of the land occupied by SAC at Auchincruive was gifted in a deed of trust to be used solely for educational and community purposes.

The combination of these factors could make an alternative use for the site difficult to achieve leading to inevitable deterioration, abandonment and blight. Again, the
Group can see no evidence of future of the vacated sites being fully considered in the decision making process.

**General:**
The Ayrshire Working Group recognises that much of the exercise currently being undertaken by SAC involves the sharpening of focus on core activities such as research, advice, education and the priority customer base of land use businesses. This was a clear outcome of the consultation and research conducted by Deloitte Touche and reflects feedback from some stakeholders and customers. The connection is also made to the Scottish Executive’s agenda for land-based industries outlined in their draft strategy document “Custodians of Change”.

The Group is however concerned that focusing too sharply on these activities will lead to a loss to the community of the vast expertise in broader rural development that has been developed by SAC at Auchincruive. Such a loss would run contrary to elements of the CAP reform proposals and the case made for integrated rural development supported by an increasing number of stakeholders in the rural economy. Again, the Group considers that these aspects have not been fully considered in the decision making process.

The working Group note that in the options appraisal, the 3 sites scenario is only assessed on a status quo basis, no appraisal was done on an enhanced 3 campus solution.

The Ayrshire Working Group notes that among the options apparently being explored is the retention of the carcass assessment unit and veterinary centre with veterinary consultancy and advisory services being the subject of review at a future time. The Group is however unclear as to how these options have been considered.

**Conclusions:**
The working group feel that there are a number of unanswered questions and unresolved issues inherent in the currently favoured options for the future of SAC. These include:

- The impact on potential students from the south west of Scotland.
- The lack of availability of a sensitivity analysis on the impact of the options on student enrolment numbers.
- Similarly a sensitivity analysis on staff retention related to the options.
- The direct and indirect impacts on the Ayrshire economy.
- Consideration of alternative uses for the potentially surplus campuses.
- The need for a more detailed consideration of an enhanced multi campus options.
- Decisions being made without reference to or with the benefit of meaningful consultation with local stakeholders.
The loss of a whole area of expertise acquired over a long period of time.

**The centralisation of functions to Edinburgh contrary to Scottish Executive Policy.**
The Ayrshire Working Group requests the Environment and Rural affairs Committee to request the SAC board to delay making a final decision until a robust and transparent exploration of the above issues is undertaken.

**Appendix B**
**Scottish Agricultural College Auchincruive Campus, Ayr**
**Extract of Key Statistics**

SAC Auchincruive – SAC’s only autonomous campus and includes 1 of SAC’s 23 local offices that deliver consultancy services, 1 of SAC’s 8 veterinary laboratories and 1 of SAC’s 6 experimental farms.

Overhead costs are high in comparison to other SAC sites primarily as a result of the type of facility and high level of property costs.

Auchincruive site size: 337 hectares

Auchincruive provides: 27.5% of total SAC gross employment

Auchincruive educates: 55% of SAC students

Auchincruive offers: 85% of SAC course portfolio (6 of 7 courses)

Auchincruive’s turnover: £9.5m – 20% of total SAC turnover of £47.4m

Auchincruive’s income Source: Education £2,517,000  
                                          R&D   £2,621,000  
                                          Consultancy £1,907,000  
                                          Other £2,418,000

Education income as percentage of SAC education income: 28.39%

Direct employment by Auchincruive: 245 FTEs (27.5% of SAC gross emp.)

No of direct jobs for Ayrshire residents: 240

Annual wages for Auchincruive staff: £5.3.

Annual wages for Ayrshire residents: £5.18m

Average salary: £21,574

Salary range: £7,713 - £54,060

Net additional expenditure generated for Ayrshire: £1.17m
Additional fte jobs generated for Ayrshire: 117
No of Ayrshire suppliers to Auchincruive: 198
Total contract value: £1.1m
Net additional expenditure generated to Ayrshire: £0.33m
Estimate of Ayrshire jobs (fte) supported: 48
Income generated from R&D and Consultancy by Auchincruive: £4.5m
Percentage of Auchincruive’s total income generation: 47.8%
Business directly operated by Auchincruive: 2
Auchincruive Enterprise Learning Centre
Oswald Hall Conference Centre
Independent business operating at Auchincruive: 5
Total number of students at Auchincruive: 478
Number resident on site: 110 (368 living off-site)
Percentage studying full time: 95%
Percentage of students from Scotland: 86%
Percentage of students from rest of UK: 10%
Percentage of students from overseas: 4%
Estimated total student net expenditure: £1,792,500
Generated net local level expenditure: £2,300,000

Appendix A
Working Group Membership
Councillor Andrew Hill, Leader South Ayrshire
Rt. Hon. George Foulkes, MP
Ms Sandra Osborne, MP
Mr John Scott, MSP
Mr Adam Ingram, MSP
Ms Cathy Jamieson, MSP
Ms Margaret Jamieson, MSP
Mr Struan Stevenson, MEP
Councillor Alistair Kerr, South Ayrshire Council
Councillor David O’Neil, Leader of North Ayrshire Council
Councillor Eric Jackson, East Ayrshire Council
Mr George Thorley, South Ayrshire Council
Mr Derek Cunningham, South Ayrshire Council
Mr Stephen Chorley, East Ayrshire Council
Mr Alex Anderson, North Ayrshire Council
Ms Evelyn McCann, Scottish Enterprise Ayrshire
Mr W. Campbell, National Farmers Union
SUBMISSION FROM DR MARK HOCART

Restucturing of SAC

Background

The Deloitte & Touche Phase 2 report makes it clear that SAC’s educational estate is excessive and far beyond that required to service its core education function. SAC grant-in-aid for Education has declined in recent years in line with student numbers and will continue to decline as SEERAD drive funding levels down to SHEFC norms. SAC spends too much of its income supporting infrastructure that is not fully utilised and in duplicating facilities and teaching provision for relatively small numbers of students. It is clear that there is a need to bring SAC’s infrastructure and business activities into alignment. This is recognised by staff, students and external stakeholders.

Scotland needs a vital and effective SAC able to serve the needs of the land-based sector for the whole of Scotland. The Hub and satellite structure proposed in the Deloitte & Touche Report will help develop a revitalised SAC and build a national college serving all of Scotland. The need to focus education and research at a hub campus was recognised in the minority report of the Williams Committee when SAC was established. Many of the problems currently experienced by SAC are the result of the failure to grasp the nettle in 1990 when it was considered expedient to continue with a three campus approach. It is essential that these hard decisions are made now if SAC, and the support the College provides to rural Scotland, is to remain viable in the future.

SAC’s advisory function and its veterinary services are dispersed across Scotland through the 23 local advisory offices and 8 veterinary laboratories located throughout the country. These will remain unchanged following restructuring.

Problems of fragmentation

In addition to generating financial inefficiency, splitting research and educational activities of SAC across separate campuses, as at present, brings problems of fragmentation, lack of cohesion and difficulties in achieving consistent high quality across all discipline/function areas in the organisation. Research groups work best when they are physically located nearby. Concentrating the R&D function at a hub will help achieve ‘critical mass’ in research teams and facilitate cross-fertilisation of ideas and multidisciplinary approaches to research problems. In addition, shared facilities bring efficiency benefits both financial but also, and more importantly, team work. This will help to extract maximum value for every grant-in-aid pound given by SEERAD and enable SAC to achieve consistently in terms of scientific quality.

Effective education requires a stimulating learning environment. Very small class sizes are not only financially inefficient they have the potential to provide a poor
learning experience. Education is about personal growth and development as well as academic success. SAC has a responsibility to provide the most appropriate environment for students to develop as fully rounded personalities. For many students the contacts and network of friends made at college or university will be important to them throughout their subsequent careers so it is important that that experience is as rich and diverse as possible.

A National Centre of Excellence

The proposed ‘Hub and Spoke’ model is the right way to move ahead. Concentrating much of SAC’s research and full-time teaching provision at one locality is a key component of the aim to build a national centre of excellence for applied research and development and for education in the land-based sector. The hub will provide the focus of effort enabling the development of vigorous research teams addressing research and development questions of value to the whole of Scotland.

Bringing the full-time education provision together for the first time will allow SAC to build an integrated range of course programmes, maximising opportunities for sharing of teaching modules across programmes. The hub focus will improve the diversity of course programmes students can pursue while still delivering education in a financially viable manner. The ‘Spokes’ are effectively satellite teaching centres, and outreach centres based principally on SAC’s advisory offices that will allow a greater participation in education for students in rural Scotland. Developments in e-learning, distance leaning and ‘electronic classrooms’, will enable SAC to deliver education and training over a wider geographical range than is currently the case. The hub and spoke model will give SAC a truly national reach for education provision.

Rural communities in Scotland will require individuals with a wide range of skills and innovative potential to ensure continued viability into the future. SAC at King’s Buildings and Midlothian, in partnership with other FE and HE collaborators, can produce the full range of educational output. This will range from skilled and able technically competent individuals through to the innovative, intellectually sound entrepreneurs capable of identifying and developing new initiatives to the benefit of the rural communities of Scotland.

Midlothian & King’s Buildings

The options appraisal carried by in Deloitte & Touche phase 2 identified the Bush Estate in Midlothian and the King’s Buildings Campus as the location best suited to be able to deliver quality research and education.

The majority of SAC’s research is already based at this location and the Bush Estate is established within the Edinburgh Centre for Rural Research, the largest consortium of rural institutes in Scotland. The research facilities at Bush are the largest and most diverse SAC possesses and researchers based at Bush and
King's Buildings have strong and productive research links with the Moredun Research Institute, the Roslin Institute, the SABRIs, SASA and BioSS. This amalgamation of research activities adds significantly to the critical mass for effective world class research.

In terms of educational value the farms of the Bush Estate are the largest of SAC's farming operations and provide a cross section of farming types in Scotland hence providing an excellent range of opportunities for training and learning. In addition, the availability of a wide range of agricultural enterprises and the proximity of other rural research institutes and biotech businesses in Midlothian provide diverse opportunities for educational visits, guest speakers, work experience, case studies and project work.

The King's Buildings campus, which SAC shares with the University of Edinburgh, has sporting and gym facilities, a laundrette, canteens, cafes and bars, a bookshop and newsagents/grocers which SAC students utilise. The inter-linking with the University provides a unique academic and social environment for students, which it is simply impossible to recreate on an isolated monotechnic campus. SAC students are associate members of the University Students Association and eligible to use the careers service, counselling services, clubs and sporting facilities and other student support services. SAC students benefit from the association with students from diverse University programmes. Accommodation for King's Buildings students is bought in from the University, which allows students to live with and meet a greater range of students than is possible in wholly owned SAC residences. In later course years many students share flats and other rented accommodation within the City of which there is a great diversity available.

Relations between SAC and the University are cordial, and have remained so even as the College and University became more separated following the creation of SAC. The University is enthusiastic about extending its co-operation with SAC and sees SAC's strengths in applied research as complementing its own pure research programme. Expansion in student numbers can be accommodated in partnership with the University and SAC's experience in wider access to education is regarded very positively by the University.

King's Building Student Perspective

Students studying at King's Buildings have mostly been supportive of the proposals though aware of and sympathetic towards the strength of feeling at the other campuses.

The loyalty of students, and staff, to the College at all three present campuses is a positive factor; clearly SAC is regarded as a good place to study by students and they recognise that they receive a high quality education while with SAC. We need to ensure that this commitment to quality student provision and support is maintained, and built on, into the future, both for those students studying full
time at the hub campus, at the satellite teaching centres or through one of the outreach learning centres.

Attached to this paper is a copy of the press release issued by King’s Buildings-based students following the release of the phase 2 report in which they highlight some of the positive features of the King’s Buildings campus as an education centre. Students at King’s Buildings believe strongly that vibrant Hub campus, interlinking with Edinburgh University facilities, will prove to be a significant attraction for the recruitment of students from across Scotland and also pull students in from the northern parts of England.

Looking forward

Restructuring an organisation always causes some pain and the adverse effects on staff at other campuses is regrettable. However, not all staff are averse to the changes proposed and some have already indicated that they want to move to Midlothian/King’s Buildings.

We are looking forward to building a vigorous and vibrant College and urge the Committee to back the proposed changes to the structure of SAC.

PRESS RELEASE
From student representatives at
King’s Buildings

Issued: 26th March 2003

Scottish Agricultural College
Student Representatives
King’s Buildings Campus
The School of Agriculture Building
King’s Buildings, West Mains Road
Edinburgh, EH9 3JG

SAC EDINBURGH STUDENTS LOOK TO THE FUTURE FOR THE COLLEGE

The independent Deloitte and Touche report was set up to help solve the financial problems of SAC and create a viable and efficient organisation. The action taken by SAC advised by Deloitte and Touche makes the students, staff and customers of SAC their primary priority. This reconstruction will be to the advantage of future students from all over the UK not just local areas. We appreciate that to stay above water, retain jobs, and be able to continue education, action had to be taken.

The Scottish Agricultural College Student Representative Council issued views from students at SAC. However, it did not represent views of all SAC students only those of students in Auchincruive and Craibstone. We regret that there were a number of inaccuracies in this statement.

SAC Edinburgh has a local tradition of agriculture and land-based education and has been supporting land-based industries for as long as any other centre. At present we provide 25% of the courses at SAC, less than our Auchincruive campus, however this is to change in the future. Edinburgh offers a variety and wealth of activities to commend it as a place in which to live and study.
The benefits of Edinburgh are enormous, the SAC campus is incorporated within Edinburgh University, creating a real feeling of university life. This is vital, as no single SAC campus can currently provide such a diverse mixture of students. We all get the chance to live in Edinburgh University halls of residence, thus meeting students outwith SAC.

The creation of a hub centre will help revitalise SAC life for the students within a single campus. You can enjoy city life with Bush estate only 10-15 minutes drive away, creating what could be called a ‘country persons’ city’.

The Bush estate covers all the main farming enterprise types at SAC and is located 8 miles from Kings Buildings. It extends 1,300 hectares from the Pentland Hills to the river Esk, with virtually all farming activities represented. This provides a valuable resource for both teaching and demonstration purposes in farming, forestry and conservation.

The main research base is situated in Edinburgh and Midlothian, providing the students with easy access to highly regarded professionals in their field.

The Edinburgh campus offers city links and excellent student life, including sporting facilities and opportunities, with the added bonus of being 2 miles from the city bypass and surrounding green belt leading to the heart of the Lothians, or further afield to the rest of Scotland. We now have the opportunity to build a vital college at one site with benefits for education and the student experience with the added value of location to attract students from Scotland and elsewhere. These changes are needed to provide a viable future for SAC as a whole.

Gavin Baillie
BTechnol Agriculture Year 4

Kirsty Baillie
BTechnol Rural Resource Management Year 2
SUBMISSION BY MIDLOTHIAN COUNCIL

1 Introduction

1.1 Midlothian Council is pleased to give evidence on the rationalisation plans of the Scottish Agricultural College (SAC).

1.2 Midlothian Council at its Cabinet meeting on 15 April 2003, welcomed the announcement by the SAC of its intentions to develop Headquarters/Research & Development facilities in Midlothian. The Council also agreed in principle to support the SAC business planning process and to provide appropriate feasibility and technical support.

1.3 Following the Cabinet decision, senior elected member and officer representatives together with the local MSP and Local Enterprise Company representative, have obtained a detailed briefing from senior SAC officials. This has hopefully provided Midlothian Council with an in-depth understanding of the background and key elements/ issues surrounding the rationalisation plans, which in turn allows us to make an informed submission to this Committee.

2 Context

2.1 North west Midlothian, encompassing the area between the Edinburgh City Bypass and Penicuik and served by the A701 and A702 corridors, is now well established as one of the premier locations in Scotland for research & development parks. It is also notable for its growing biotechnology/animal sciences cluster developing around the Roslin Institute, Pentland Science Park and Edinburgh Technopole.

2.2 Although these R&D and science uses lie within the Edinburgh Green Belt where they enjoy a very high level of amenity, their status is fully endorsed in terms of the development plan and planning consents.

3 The Planning Consent

3.1 The Bush Estate has outline planning consent as a science and training park for research and development facilities (application 593/91), as granted by Midlothian District Council in December 1991. The consent refers to three zones, the first of which (Zone A) is centred around Bush House, and with a condition requiring the submission of a Masterplan.

3.2 The uses specified in the outline consent include:-

- Research and development facilities
- Offices, to be occupied only by companies linked to or associated with research and development facilities located elsewhere in the site, existing research institutions at Bush, or the University of Edinburgh
- Training facilities, with ancillary residential and catering facilities.
3.3 Planning consent for the Masterplan for Zone A (application 01/00361/FUL) was granted by Midlothian Council in November 2001, though with a condition relating to the setting of B-listed Bush House. The Masterplan shows an indicative layout capable of accommodating in excess of 100,000m² of new building within four sub-areas of Zone A.

3.4 There is therefore ample land within Zone A to accommodate a new building or buildings of around 3,000m². This is the size indicated by the Scottish Agricultural College needed to accommodate the staff numbers involved in a relocation, whether headquarters and R&D staff (say 180), or R&D staff only (say 120). Zone A is sufficiently extensive to accommodate any future growth.

4 The SAC in Midlothian

4.1 The SAC (and its predecessor the Edinburgh School of Agriculture) has had a longstanding presence in Midlothian at Bush Estate – almost 100 years – and in association with the University of Edinburgh in the city.

4.2 There are around 340 SAC staff based in the Lothians, the majority of which work in Midlothian (over 200) at Bush and surrounding farms.

4.3 Midlothian Council understand that as a result of the major review of the SAC operations, the option which provides best value for money and is the most sustainable would see the College build on existing local strengths in the Midlothian and the wider area to the benefit of SAC, the Lothians but also Scotland. In operational terms this would mean up to 200 additional local jobs would be provided in research & development /headquarters facilities in Midlothian with an education base continuing at Kings Buildings in Edinburgh.

4.4 Such development is most welcome in Midlothian in contributing to the ongoing regeneration of the local economy but recognising (as has SAC) the contribution this will also bring to the developing biotechnology/life sciences sector in Scotland.

4.5 However, as a corollary the Council is extremely concerned that some of the arguments being put forward against the current plans would seek not only to block further development but go beyond that in stripping out the existing activities and jobs in the area – the SAC estimate around 250/300 jobs would be at risk in such a scenario – something the Council would resist in every way possible given the devastating effects not only on the local economy but the impact on the biotechnology/life sciences sector of which the SAC is an integral part.

5 An Economic Profile of Midlothian

5.1 Midlothian was traditionally an area of coalmining and other heavy industries such as papermaking, carpetmaking and engineering. Like many parts of Scotland we have suffered badly from the decline of such industries with the devastating effects on local communities. That structural decline has been recognised by government since the late 1980s who have continuously supported Midlothian’s case for European funding initially through RECHAR, but nowadays via the mainstream ERDF Objective 2 Programme.
5.2 To recover from the decline in such industries and regenerate the local economy the Council has embarked on a long-term strategy with key partners that will seek to diversify our economic base, develop key opportunities such as the biotechnology sector, attract investment and provide sustainable employment. The current “Economic Strategy for Midlothian 1998 – 2008” was launched at Pentlands Science Park in 1998 emphasising the importance of the new industries.

5.3 The strategy was based on the fact Midlothian’s employment had fallen from 24,000 to 18,300 between 1981 – 1995 – a decline of 22%. Unemployment was 6.7% - above the Scottish average. However, signs of growth and opportunity were identified. The Government’s Office for National Statistics showed Midlothian (and East Lothian ) at that time had one of the lowest GDP (£ per head) in the UK.

5.4 The strategy was developed jointly by the Council and local enterprise company and has the support of key local partners – Chamber of Commerce, enterprise trust, college, tourist board and important players in the R & D/biotechnology sector – University of Edinburgh/Edinburgh Technopole, Roslin Institute and Moredun Foundation. It set out a vision where employment had increased by a third in ten years, where more local jobs were provided for local people, the expansion of the small business sector was maintained, there was an emphasis on skills and training, and Midlothian plays a special role in the regional economy as a centre for research, development and production in biotechnology and other science-based industries. In particular the strategy stated:-

“Development of the biotechnology cluster represents Midlothian’s best opportunity to reverse the long-term drift out of the area.”

5.5 Progress has undoubtedly been made in the past five years. Around 3,300 new jobs for men and women/full-time and part-time have been created locally since 1998 (5,800 since 1995) so we are on target. Unemployment has fallen considerably in line with most parts of Scotland and currently stands at 1.9% (May 2003) although “hidden” unemployment remains a concern ( a figure of 8.2% in January 2002 source : Sheffield Hallam University). New businesses continue to be created – over 300 start-ups in 2002 (source : The Committee of Scottish Clearing Banks). Existing sites have continued to develop and new opportunities have been identified – including the National Biomanufacturing Campus (Biocampus) - Scotland’s first site dedicated to biotechnology production facilities – at the heart of the life sciences cluster.

5.6 However, we are acutely aware of the ongoing problems, the fragility of the economy and the growth we have achieved, and the need to maintain the long-term strategy to secure sustainable employment. Midlothian has made progress but there are still major issues to address compared to other areas, which cannot be masked by a relatively low rate of benefit claimants :

- low wage/low skill economy
- low skills/low qualifications of workforce
- high part-time employment
- high youth unemployment
• pockets of deprivation
• high out-commuting
• poor public transport links
• degraded town centres

5.7 The most recently published information on GDP (source: Mackay Consultants) shows that growth in Midlothian averaged 1.42% between 1998 and 2002 (below the Scottish average of 1.46%) and worryingly fell by 0.6% in 2002 ranking the area as 26th out of the 32 local authorities (with Scotland increasing by 0.3%).

5.8 We also continue to suffer job losses from established and newer industries – not the “big bang” of a Motorola or Ethicon, but a larger number of smaller cuts or closures. Since January 2001 we have recorded over 630 job losses. However, today’s announcement that PPL – one of Scotland’s flagship biotechnology companies – is making severe cutbacks with between 90 and 140 job losses on top of their recent decision not to proceed with the manufacturing facility on the Biocampus – is a major blow to Midlothian.

6 A Profile of the Biotechnology/Life Sciences Sector in Scotland, Lothians and Midlothian

6.1 The importance of the biotechnology/life sciences sector to the Scottish economy has been recognised by the Scottish Executive and Scottish Enterprise as the country’s leading enterprise agency. The Framework for Action set clear targets (1999 – 2003) for the sector in terms of critical mass of companies, competitiveness and global connectivity which have been achieved. There are now around 480 Scottish biotech organisations employing well over 25,000 with the sector growing at 30% per annum (double the European average).

6.2 In Lothians, the aim is to make the area one of top 30 internationally competitive centres in the world. The area already accounts for over 150 Scottish biotech organisations with over 8,800 people employed (35% of the Scottish total). In the European Investment Bank Overview of Biotechnology Clusters in Europe (June 2002) “Edinburgh” is assessed as one of only three clusters in the UK (along with Cambridge and London) out of seventeen major centres across Europe – the critical criteria being specialism, co-location and critical mass.

6.3 Midlothian is a key and critical part of the Lothians cluster. It is clearly an area where the sector and its associated commercialisation and spin-out activities, have greatly benefited from not only the excellence of the research & development but also the co-location and massing of those activities in a relatively homogeneous cluster – a cluster of which SAC is already an integral and critical element along with the University of Edinburgh, Roslin Institute, Moredun Foundation and others. There is considerable established collaboration between academic, public and private interest. Investment in ideas, skills and infrastructure has actively recognised that collaboration and sought to support its expansion for the local and national good. Midlothian Council has directly supported a number of key components such as the Edinburgh Technopole, Edinburgh Bio alliance and most recently the Biocampus (where it purchased the site).
6.4 The SAC contributes significantly to the present cluster of activities. Through its current proposals it will both benefit itself as a national organisation and further enhance the overall cluster to the benefit of the Scottish economy as well as Midlothian. Midlothian welcomes that vision for our area and for Scotland.

7 **Summary of Key Points**

7.1 To conclude this written statement, Midlothian Council would ask the Committee to take full account of its content and particularly consider the following key points:

- Midlothian Council has formally welcomed the SAC proposals for its area and will work with SAC for their achievement.
- SAC already has a long established presence in Midlothian providing many high quality jobs. A reduction in that role would disastrously impact on our area and have a considerable knock-on effect on the wider Scottish economy.
- Our local economy is in a period of reconstruction and recovery. Whilst progress is being made it is still fragile and significant ongoing problems remain.
- Development of the biotechnology cluster is our “best opportunity” to recover.
- The Lothians/Midlothian biotechnology cluster is very significant and its ongoing performance is critical to the wider Scottish economy.
- SAC is already an integral part of the cluster.
- Further development in Midlothian will benefit both SAC as a national organisation and the Scottish/local economies.
- The SAC proposals tie in closely to an existing long-term strategy for the area which is supported by a positive planning framework.
SUBMISSION FROM PROSPECT SCOTLAND

Prospect is a new union, formed on 1 November 2001 after the merger of two existing unions, EMA and IPMS. We have more than 105,000 members in the public and private sectors - engineers, scientists, managers and specialists - and are the largest union in the UK representing professional engineers. Our members work in areas as diverse as agriculture, defence, energy, environment, heritage, industry, law and order, shipbuilding and transport. We represent over 600 staff out of the 900 employed by SAC.

Introduction

Current increasing demands on agricultural and other land based businesses, emphasise the need for the Scottish System. All three main SAC sites offer this integrated “one stop shop” that is well placed throughout Scotland with excellent communication links. There is a serious danger that this system will be compromised due to the current changes to SAC (internal reorganisation as well as Deloitte & Touche proposals). The value of the “Scottish System” has been globally admired, and was recently reinforced by the QAA audit - “QAA Subject Review of Leisure and Tourism at SAC”, December 2002 to July 2003. Mock Reviewers’ Report. (to be published July 2003.)

There is also a serious danger that the work done by SAC will be seriously compromised. The job losses of 130 quoted in the report are drastic and may seriously compromise the critical mass of the organisation. Much of the work currently in progress will not be able to be done and work will fall as a result. Ancillary staff and local businesses will also be affected and there could be a nett loss to the local economy of about £8.9 million at Auchincrieve and £6.25 million at Craibstone.

Communications throughout SAC

SAC have spent a great deal of time and effort in configuring and developing an efficient information infrastructure between its three campuses. The SAP business system is one example where a lot of time, effort, human and financial resources have been, and are being, committed. The Scottish Executive has also made financial investments in the development of the SAC information systems. The Information Systems department is currently developing and improving the electronic and computerised information systems for the whole of SAC. This aims to give SAC, and subsequently the Scottish Executive and the public, value for money. These systems are a holistic approach to ensure that the three campuses continue to work together as a whole. Therefore, together with the subsequent improvements through further developments, it will ensure that SAC goes forward as an efficient and viable company.

Research centralisation

It has been proposed that all research groups should be centralised at a single site. The rationale being that this will provide "critical mass", the benefits of which are stated in the D&T report to be:
1. Integration between SAC's researchers.
2. Savings in equipment and staff costs.
3. Interaction between SAC and other nearby institutions.

There are significant benefits to be gained for SAC by keeping research on a broader footing. Interaction between researchers at SAC from different sites already occurs where there are common interests, and groups are already encouraged by managers to seek further interaction using the SAC communication systems.
Livestock research programmes have a domestic and internationally hard-won reputation for quality science. That reputation has seen SAC scientists collaborate formally and effectively with renowned researchers, for example at Roslin Institute and Nottingham University. It is notable that geographical differences do not hamper SAC’s collaborations with external bodies and other sites. Savings in laboratory costs are already being achieved on each site by pooling resources. Recent rounds of redundancy and lack of recruitment at a junior level mean that further cuts in staff could only be achieved at the expense of cutting areas of research.

- **Education**
  SAC’s educational provision is responsible for a major part of its income and centralisation is likely to reduce the number of students and could even compromise the future of teaching at SAC. SAC also needs to play to future market ‘opportunities’ and virtually no coverage of this was included in Deloitte and Touche reports. Such educational opportunities also indicate the need for considerable ‘face-to-face’ learning provision at 3 centres.

Examples include:

- The new SAC Education and Training Strategy correctly identifies our key role as a ‘bridging institution’ between Further and Higher Education, the Scottish Executive’s ‘Lifelong Learning’ strategy will further support this move. Most current SAC recruits from FE and in the ‘Lifelong Learning’ category look for local delivery and the additional support that face-to-face delivery provides.

- Policy/legislative developments emerging from eg Land and Access Reform, ‘A Forward Strategy for Scottish Agriculture’ and ‘Custodians of the Countryside’ will stimulate a great increase in the demand throughout Scotland for broadly educated rural practitioners – including land managers and countryside, leisure and rural tourism and enterprise managers. SAC is uniquely placed in Scotland to meet this demand - and again this demand will be for local delivery.

- **Benefits to SAC of keeping a local presence include the following:**

  SAC can crucially provide truly local research and advice to the Scottish land based industries.

  Local contacts ensure that SAC remains in touch with the wider community (not just scientific), giving a unique perspective on the problems of Scottish rural industries. Such exposure to the wider community should prevent research at SAC from becoming esoteric and divorced from the real needs of Scottish land based industry.

  Centralisation of research at any of the three sites carries with it the very real possibility the loss of key personnel, including those who win research funding for SAC. Staff may be unable or unwilling to relocate. Experienced staff with income-generating track records and valuable reputations in an industry / research / education context are most likely to be head-hunted by competitors (it is happening already!) and, in a climate of uncertainty, their inclination to remain at SAC will be overwhelmed by the insecurity and uncertainty prevalent at present. Loss of even one key income-generating staff member may mean a loss of £200,000 annually in terms of income to the College.

  Loss of dynamic and respected research programmes will radically undermine the ability of SAC to attract students of agriculture/agricultural science/horticulture. Education isolated
from good calibre research is weaker than that which can be offered when both are combined. The pretence that the type of education SAC delivers can survive and grow in the absence of farms, livestock, gardens and research along with a reputation-deprived agricultural college must be challenged.

- **Deloitte and Touche Phase 2: challenging the assumptions**

A large consultation exercise was undertaken for the D & T I report which considered SAC’s markets, services and strategic objectives. It was not known at that time that Deloitte and Touche would be involved in Phase II.

The report is based on a number of a prior assumptions supplied to Deloitte and Touche by SAC. It is a basic tenet of academic or judicial enquiry that any conclusions are only as sound as the assumptions on which they are based, no matter how rigorous the methodology that lies between. If the assumptions are shown to be questionable or false, then the conclusions arising from them must also be questionable.

**Strategic Appraisal**
The strategic appraisal is founded on weighting and scoring exercises carried out by the SAC Board. The report includes no sensitivity analysis of the effects of changing any of these weightings or scores. The outcome of the strategic appraisal relies entirely on the validity of these scores, which appear to have been determined without proper consideration of the detailed criteria on pp26-27 of the report.

- It is questionable that Research, Consultancy, Student Learning and Knowledge Integration within SAC could all be facilitated more readily at a single site.

- Prospect challenges the assumptions outlined in the D & T reports and believes that all three campuses provide excellent centres for each of the aforementioned disciplines, all with something different to offer. We feel that the multi-site option is the best in this respect.

**Financial Appraisal**
The financial appraisal is often represented as separate from the strategic appraisal but Prospect maintains that this is fallacious.

There is an assumption in the financial appraisal of 1500 full-time equivalents which Prospect believes cannot be achieved at a single site. It is acknowledged that SAC’s increasingly localised recruitment patterns favour the multi-site option. A shortfall of 20% in this target would result in a Discounted Cash Flow of -£15.8m. The future of the education function may be put under threat, as SAC would be forced to take action to eliminate these losses. The R & D funding may also be jeopardised by the single-site option.

- **The role of SAC in widening access to lifelong learning**

SAC has a proven record of providing access to further and higher education among sectors of society who do not traditionally participate in post-compulsory education. Prospect considers that the proposed hub and satellite model, would result in a reduction of participation by particular groups of students. Our members believe that electronic distance learning is an exciting tool for enhancing and increasing delivery of courses, but it should be developed in parallel with traditional campus-based provision and not in place of it. We ask the Committee to consider this.
• The local campuses allow students with family commitments to study on-campus in a peer group instead of at home in isolation.
• Ongoing reorganisations of education delivery at each of the campuses are aimed at increasing the opportunities for part-time courses for local students.
• Concentration on a single site option could effectively close the door on a significant section of our current student base, for whom there are few alternatives.
• SAC’s system of ‘flexible entry and exit’ permits students who are unsure of their plans or their abilities to embark on one-year courses at NC or HNC level and progress ultimately to Honours degree if appropriate. Many students do so, both adult returners and young people who have under-achieved at school.
• When asked whether they would consider a different campus, 60% of current students said they would not. There is no evidence to suggest that the Edinburgh site could recruit substantially more students than it does at present.

Prospect would urge the Rural Development Committee to consider these points in their deliberations.
SUBMISSION FROM THE SCOTTISH AGRICULTURAL COLLEGE

Salient points for members

1. Background

SAC is an organisation with a proud history of service in supporting rural Scotland over the past one hundred years. Like all businesses, however, it must adapt to changing circumstances in its main markets; it must not let history prevent it from addressing the challenges of the future. Neither should local loyalties to historic assets preclude the development of strategies for the more efficient delivery of services to Scotland as a whole. Rural Scotland is changing dramatically. SAC can assist in leading those changes, given the opportunity to restructure into a modern, efficient business. Our aim is to develop a hub which is a National Centre of Excellence and, through multiple regional delivery sites, provide appropriate support to the whole country.

2. Legal Constitution

2.1 SAC is a private company, limited by guarantee under the Companies Act. It was created as a Scottish Central Institution in 1990, following the recommendations of the Williams Committee to bring the three regional Agricultural Colleges into one company. SAC is not a part of Government, and is neither an NDPB nor an Agency. Directors of SAC owe a fiduciary duty to the company and are personally liable to ensure that the company neither trades whilst insolvent, nor develops strategies which would knowingly lead to insolvency.

The Deloitte and Touche (D&T) Report clearly demonstrates that, without significant reorganisation of its existing infrastructure, SAC will move towards insolvency in the near future.

2.2 The Chief Executive of SAC is the Accountable Officer for control of government expenditure via Grant-in-Aid. He is expected to secure maximum value for public money and to ensure good and efficient management of those company assets in which government has an interest.

3. Financial Position

3.1 SAC's income is derived mainly from commercial and trading activities (>60%) with the remaining income being derived from Grant-in-Aid from SEERAD. The latter is provided under a Memorandum of Understanding that was drawn up in 1993. The Memorandum states that "the conduct of its (SAC) business is the sole responsibility of the SAC Board".
3.2 SAC’s difficult trading position reflects the economic problems of its rural client base and the decline in core Grant-in-Aid, which continues to fall year on year in real terms (see Fig 1). Predictions for SEERAD Grant-in-Aid for education indicate a reduction of around 25% in cash terms from 2003/04 till 2005/06.

3.3 SAC has recorded substantial losses for several years but the situation has recently been greatly improved through stringent cost controls, especially on buildings maintenance (see Fig 2). This is not a sustainable situation in the medium to longer term.

4. SAC Services

SAC provides three main services to its clients. The largest is consultancy services (37% of income), then research and development (28%) and education and training (19%). The remaining income is derived from other trading activities including farming. The total income for 2002/03 was around £45M.

5. SAC Staff

SAC employs just over 900 staff. Some 374 staff (42%) work in the Consultancy Division, mostly in the dispersed offices and laboratories on some 31 sites stretching from Lerwick to Dumfries. 230 (25%) staff are employed in the Research Division, with just under half of those being located in Edinburgh. Some 107 (12%) staff work in the Education and Training Division. The remaining staff work in the Corporate/Finance areas and on the Farms and Estates.

6. Education and Training

6.1 Despite education being the smallest area of activity, the infrastructure associated with its delivery creates an overhead burden on the whole business which is entirely disproportionate to that activity. SAC has less than 700 ‘traditional’ undergraduate students, spread across three campuses. This means that not only are costs higher than need be but the educational experience is not optimal because of very small group sizes. Furthermore, the changes from traditional campus-based courses to lifelong, part-time and distance learning delivery (see Fig 3) means that the creation of a ‘hub and satellite’ model in future is likely to be the optimal strategy.

6.2 There is no comparable educational organisation in Scotland. SAC is not funded via the Scottish Funding Councils for Further and Higher Education
but has course offerings ranging from FE to Postgraduate levels. The student:staff ratios in SAC are lower, on most courses, than the majority of other providers in Scotland; SEERAD wishes these to be brought into line with the Funding Councils’ norms. Over the next 3 years (including 2003/04), SAC’s Education funding from SEERAD is due to move to towards those norms. This will mean a drop of around 25% in funding. These cuts cannot be accommodated whilst maintaining the current infrastructure. SAC needs only one site to deliver its ‘traditional’ campus-based education courses and to act as a hub for developing distance learning materials which can be delivered across Scotland.

7. SAC’s Infrastructure and the Need for Restructuring

It was clear to the newly appointed Executive Management Team at SAC in 2001 that the business was not sustainable and that significant restructuring was likely to be required to ensure its future viability. With the financial support of SEERAD, Deloitte and Touche (D&T) were contracted, after a competitive tendering process overseen by a joint SEERAD/SAC steering group, to undertake a two stage study:

i) To define SAC’s future markets through stakeholder consultation. This involved consultation with over 7,000 SAC clients, all SAC students, all SAC staff, over 500 key partners, sponsors and clients. All MSP’s were invited to comment. That exercise confirmed very strong support for most of SAC’s services especially its consultancy, veterinary and applied R&D services.

ii) The second stage was commissioned to identify the optimum delivery structures to service those markets. This study was conducted to Treasury “Green Book” standards.

The findings of these studies have been published in the D&T phase I and II reports and an Executive Summary. All of these documents have been placed in the public domain.

8. Responses to the Restructuring Proposals

8.1 Since announcing the outcome of D&T Phase II, SAC has taken on board the comments of its many stakeholders which can be summarised as follows:

a) Staff: the majority of staff support the drive for rationalisation and change. The Union (Prospect) representing the majority (55%) of staff accept the need for restructuring but would wish to see greater
numbers of staff retained in Ayr and Aberdeen than proposed in D&T Phase II.

b) **Clients**: there is local opposition by some clients located close to Auchincruive and Aberdeen. However the majority of clients, and their national representative bodies, agree that rationalisation is necessary. Most objections relate to the proposed reductions in campus land holdings and buildings, many of which are not needed for service delivery.

c) **Ministers**: we understand that Ministers endorse SAC’s drive to maximise value for public money, but have requested revisions to the original proposals in order to address specific concerns regarding local educational course delivery and local R&D issues.

SAC has now re-engaged Deloitte & Touche to examine the implications of retaining certain academic services at Ayr and Aberdeen. That report will be provided to Ministers in mid July (D&T Phase III). The SAC Board is prepared to consider revising its proposals for academic service provision on a local basis, provided sufficient demand exists and the funding streams to maintain those services are clearly identified.

8.2 SAC’s proposals for restructuring will not affect the consultancy or veterinary services provided to rural businesses from its dispersed network of local offices and laboratories. None of SAC’s consultancy staff will be affected by the proposals; this includes the ‘specialist’ consultants currently based in Ayr and Aberdeen; eg buildings, environmental, economics and commodity (milk, beef, cereals etc) consultants.

9. **Executive Policy on Job Dispersal**

Approximately one third of SAC’s staff are currently based in the Lothians. If the recommendations of D&T Phase II were implemented in full this would increase to no more than 50%. There would remain a very dispersed structure of staff on at least 30 other sites around Scotland. Indeed SAC’s recent major investments, in the past two years, have been in Dumfries, Thurso and Kirkwall. SAC’s commitment to the remote areas is in no doubt and will improve if restructuring can proceed.

The dispersal policy requires that dispersal does not decrease financial viability for the organisation – that is not the case for SAC. SAC is keen to work with the Scottish Executive to make available to them facilities on SAC campuses outwith Edinburgh. This could assist the Scottish Executive in sourcing suitable facilities for the relocation of their employees out of Edinburgh to the regions and thereby help them achieve their objectives of dispersing government posts.
10. **A Rural Campus for Rural Students**

SAC’s most extensive farming operations are located in Midlothian at Bush Estate. In terms of organisational links, the Edinburgh Centre for Rural Research has over 20 member organisations which interact regularly with SAC in the Lothians. In terms of facilities and academic links, there is no parallel in Scotland.

11. **Organic Agriculture**

SAC has been one of the main sources of advice to the industry on the development of organic agriculture. A vigorous organic sector is a central plank of coalition policy. The proposals which SAC has for restructuring will, through a reduction in overhead costs, allow resources to be moved to improve the regional office based organic advisory programmes, develop the existing organic demonstration farm programme and allow investment in a new organic farm in Central Scotland. It is also worth noting that one of SAC’s most successful distance learning programmes is in organic agriculture.

12. **Local Economic Impact**

In view of the concerns voiced by stakeholders regarding the relative importance of land-based economic activity, around each campus, we have calculated from Scottish Executive census data the relative agricultural economic activity associated with each of our three main sites. These are:

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<tr>
<th></th>
<th>Aberdeen</th>
<th>Edinburgh</th>
<th>Ayr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>1.0</td>
<td>3.5</td>
<td>1.6</td>
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These values have been calculated on the basis of employment and economic activity per hectare as set out in **Table 1**.

13. **Value for Public Money**

The SAC Board has identified, via the Deloitte and Touche study, the optimal future configuration for SAC which will provide best value for taxpayer spend, best value for clients and the greatest likelihood of long term security for the business and its staff.

14. **Conclusion**

SAC is grateful to the Committee for having prioritised the hearing of evidence on SAC’s plans at its first full meeting in the new Parliamentary
session. For all stakeholders, especially staff, there is a considerable urgency in concluding a debate which has been ongoing for almost two years. That debate is diverting the organisation from its core task of supporting a very fragile rural sector in Scotland. We now need to get on with that job.

**Figure 1**

Grant-in-Aid Actual vs RPI (£k) from 95/96 to 05/06 (NB unaudited)

**Figure 2**

SAC Operating Results (£k) 02/03 figures

**Figure 3**

SAC Student Numbers by category 2000/01 to 2002/03
<table>
<thead>
<tr>
<th></th>
<th>Aberdeen</th>
<th>Edinburgh</th>
<th>Ayr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hired Employment per 1000 hectares:</td>
<td>1.12</td>
<td>3.91</td>
<td>1.85</td>
</tr>
<tr>
<td>Added value to economy per hectare:</td>
<td>£41</td>
<td>£142</td>
<td>£67</td>
</tr>
<tr>
<td>% of area in cereals &amp; combinable crops:</td>
<td>16%</td>
<td>39%</td>
<td>4%</td>
</tr>
<tr>
<td>% of area mown for silage or hay:</td>
<td>3%</td>
<td>7%</td>
<td>9%</td>
</tr>
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SUBMISSION FROM THE SAVE CRAIBSTONE CAMPAIGN COMMITTEE

Evidence to the Rural Affairs and Environment Committee of the Scottish Parliament (25 June) on the proposed winding down of SAC’s Craibstone Campus

The decision to close most of SAC’s operation at Craibstone should be the subject of a detailed inquiry because of several reasons.

1. **Shortcomings in the Deloitte and Touche (D and T) Report.**
A number of the assumptions used within the D and T analysis are highly questionable and have a very significant impact on the outcome of the analysis. It must be recognised that many of these assumptions were made by SAC’s Executive, which is entirely based in Edinburgh.

1.(i) **Student numbers, education income and activities**
The sensitivity analysis part of the DCF study explores changes in a few of the key assumptions, i.e. estate receipts, costs of new build and changes in educational income.

The issue of the student numbers that SAC can recruit with its main education campus in Edinburgh is critical. At present the D and T report indicates 737 full time students out of a total of 1057 full time equivalents (fte’s), of which only 146 are at Edinburgh. The 20-year Discounted Cash Flow (DCF) is very sensitive to changes in student numbers against the assumed target of 1057 fte’s. The cumulative DCF for the preferred Edinburgh option goes from **minus £2.5 mn. to minus £15.8 mn. with a 20% decrease in student numbers, and to minus £25.97 mn. with a 40% decrease in student numbers** (D and T report, page 47).

Staff involved with education believe that falls in SAC student numbers of 20-40% are highly likely with the proposed move to a ‘hub and satellite’ system of education provision with the hub based at Edinburgh. Moreover, it is understood that SAC applications are already 15% down on last year (as at March 2003). Student reaction in the North East and South West has been hostile to the plan because they feel that the report has misrepresented their views and fails to acknowledge the higher living costs in Edinburgh, the reduced ability to get home to support family farming activities, and the lack of SAC accommodation in Edinburgh (both Craibstone and Auchincruive have student accommodation and as such bear heavy costs for these in the D and T report).

SAC should release to a Parliamentary inquiry all the information that relates to the education market and the analysis of student views used in the report (ref. p. 30) and the ‘confidential education market analysis’ which accompanies the report (ref. p19).

1.(ii) **Failings in the Sensitivity Analysis**
In addition to the loss of student income considered above, two other issues, which are also rated as ’medium negative impact’ factors, also stand out as worthy of analysis. **They have not been quantitatively analysed in the Deloitte and Touche**
These are 'loss of key staff' and 'loss of customers / income'. These are clearly related in that a loss of key staff will impact on SAC's income earning abilities.

The analysis assumes that with the preferred Edinburgh option: 128 staff will be made redundant and that 139 will be relocated.

In addition to redundancies, there may well be a loss of key staff because they are unwilling or unable to move to Edinburgh (the number of redundancies will probably be affected by the latter effect). However, despite this downsizing, SAC assumes that its income flows will remain largely the same and that it is the same for all options (assumptions relating to inflation and volume of business are on pp36-38 of the D and T report).

Whilst it may be reasonable to assume that Advisory (inc. Consultancy) income will grow over time with the dispersal of this function across Scotland, it is very questionable that Research or Education money will be maintained as assumed by the report. Given that Education income has been considered above, the most significant omission within the report's sensitivity analysis appears to be the impact of the changes on R and D income.

It is possibly acceptable to assume that the Grant in Aid from SEERAD for research will be unchanged by the rationalisation and move to one site. However, the competitively won research money is almost certain to suffer with 26 staff in the R and D Division to be made redundant and 72 to be re-located. The loss of key staff, because some cannot or will not move to the Central Belt with its very high housing costs, is almost certain to impact on competitively won research income. The dilution of ties with other research and agri-food institutions in the North East will also contribute to the weakening of SAC's research earning capabilities.

If the preferred option leads to a reduction in competitively won research money from year 5 onwards (loss of key staff being a major cause) then the consequences for the 20-year DCF for the preferred Edinburgh Option are that:
- with a 10% reduction in competitively gained research money the DCF worsens by £6.43 mn.
- with a 15% reduction in competitively gained research money the DCF worsens by £9.64 mn.

Please note, that SAC's research activities have recently been the subject of a review, which was commissioned by SEERAD. SAC's stance in this review was that it should centralise its research in the Edinburgh area. SAC and SEERAD should consider the findings of this review before further decisions are made on the centralisation of SAC's research function.

Conclusion
With very modest adjustments in assumptions, and ones which the Committee contends are more plausible than those made in the report, the preferred Edinburgh option goes from a 20 year DCF of minus £2.537 mn. as indicated by D and T to minus £22.2 mn. (20% loss of students and 10% loss of competitive research income) or even minus £35.6 mn. (40% loss of students and 15% loss of competitive research income). The situation could be even worse than this if the
reality is worse than assumed and ‘decant difficulties’ are encountered with some of the operations (another issue which has not been quantitatively assessed in the D and T report).

The conclusion is that the preferred Edinburgh option is not financially robust or viable as claimed. It could well lead to the total collapse of SAC.

1.(iii) The report’s ‘Strategic Appraisal’
The report’s Strategic Appraisal uses a subjective scoring system with scores applied by the SAC Executive and considered by the Board. The scores used are critical to the Strategic Appraisal and favour the Edinburgh option in a manner which is highly questionable. This scoring system should be examined and validated.

1.(iv) The value of the Craibstone site.
The D and T report indicates in Appendix 3 that the Realisable Value of the Craibstone Estate is £9.5 mn. The Craibstone Estate is zoned as Green Belt and Education and it is understood that with the planned Dyce Drive development, which is very expensive in infrastructure needs, there will be 15 years or more supply of industrial and commercial land in the North West part of Aberdeen. It is contended that SAC will not be able to achieve £9.5 mn. for the site, because of its current zoning and the state of the local land market. Furthermore, it is understood that Craibstone includes assets given by Trusts (e.g. Sutton Trust) that may not be transferable.

1.(v) Impact on the local economy and research
There has not been any major assessment of the impact of Craibstone’s closure on the local economy. The Committee’s initial assessment is that with close to 15-20% of SAC’s business being located at Craibstone, and with assumed income multipliers of close to 1.3, there may well be a loss of income of £7 mn to £10 mn. to the local economy. The issue of the economic effects of SAC’s plans should be a subject for the requested inquiry.

The withdrawal of most of SAC’s activities at Craibstone will also reduce the scientific base of the North East, which as far as agriculture, food and land is concerned, includes the Rowett Research Institute, the Macaulay Institute, Aberdeen University and the Food Standards Agency-Scotland. SAC is well placed to act as a link between fundamental research and the land based sector.

2. The needs of Scotland’s agri-food and rural sectors.
The committee contend that the SAC proposals have not involved a proper assessment of Scotland’s needs with respect to its agri-food and rural industries.

SAC is now committed to being a Knowledge Transfer organisation, with the knowledge gained from research and development being transferred to the industry by Advisory, Consultancy, Education and Training services. We contend that a move to centralise SAC’s research and education activities in Edinburgh is highly damaging to this role. It physically removes SAC’s research and education from the major areas of agri-food activity in Scotland and reduces the research, education and advisory links within SAC.
Scotland’s agri-food industry is facing major challenges. The Mid Term Review is almost certain to reduce the scale of Scotland’s agriculture by 10-12% over the next decade, agricultural support is going to be modulated and more emphasis put on rural development, the EU is about to Enlarge and the WTO is entering new trade liberalisation talks. Scotland has to have an effective agri-food and rural extension organisation to cope with these changes. The needs of Scotland in this respect must be fully investigated and considered in SAC’s rationalisation plans.

3. A new vision for Craibstone
The Save Craibstone Campaign Committee fully recognise that if Craibstone is to be retained it must be in a form which is financially viable - this has never been disputed.

The Deloitte and Touche report has focussed on options for SAC that in many respects represent various combinations of the status quo. What SAC should give consideration to is how it might reshape its campuses so that they can do the job that the agriculture industry needs and at the same time be viable in the long run.

The Campaign Committee has started to consider the future options for Craibstone and is convinced that a viable campus, without large-scale public expenditure, can be achieved.

The Committee’s views centre on a new vision for Craibstone.

Craibstone should be a centre of excellence for agri-food research, education, training and business advice, dedicated to transferring new knowledge and technology to Scotland’s land-based industries, with strong involvement of the agribusiness and rural sectors and the local community.

In line with this vision we feel that the way forward for Craibstone involves the following issues.

a) A core farm business should be maintained. It is vital for education, training, demonstration and research purposes. It should certainly focus on beef, sheep and combinable crops. Key organic farming operations and facilities should be maintained, as these are a very valuable resource for research and demonstration in the North of Scotland. It should also be noted that crop trials must be maintained in the North East because conditions are notably different from those further South. Such trial work requires staff be based in the area. The farm suffers at present from heavy fixed costs, which is normal for an education and research farm, but it is clear that a re-shaping of the farm business could bring it to break-even. SAC has in the past year held a review of its farms but has not released any information on this matter.

b) The office, teaching and laboratory accommodation at Craibstone should very largely retrench to the Ferguson building, which is a modern purpose-built facility for education and research.

c) Most of the remaining buildings, except for the Halls and Catering facilities and possibly the Cruickshank building (which has an excellent lecture theatre for public meetings), should be sold or leased to other users. It may also be necessary to retain one or two specialist facilities.
d) The accommodation and catering facilities have in recent times been running at a loss. There is plenty of evidence that a change in objectives and management organisation could substantially improve their capacity utilisation and assist in attracting greater use of the Craibstone campus (for demonstrations, meetings, training events, agricultural and rural interpretation activities, etc.).

e) The College (and other appropriate parties) should engage with Aberdeen Council on the matter of possible land zoning changes given the forthcoming construction of the Aberdeen ring road in the next 7 years. This would enable a significant part of the value of the estate to be realised in due course, but also it could enable part of Craibstone to be the site for an ‘agribusiness and rural business park’. What is also clear, is that if commercial or residential development is allowed at Craibstone, the increased value in assets should not be taken off to Edinburgh for re-investment there.

f) Peripheral land at Craibstone should be sold. This would probably include the West Woods and some other surplus land areas.

g) There should be increased interaction between Craibstone and its regional agribusiness industry. This would involve local management being allowed to undertake initiatives. This has been increasingly denied with the centralisation of management in Edinburgh. Craibstone has great potential for developing as a major and viable agribusiness, food and rural centre for the benefit of the North of Scotland, if it is allowed to do so.

h) Finally, Craibstone should get involved more with the local community, helping get across the key messages about modern farming, the countryside and the environment.

In the past decade Craibstone and SAC have suffered from very poor management and many of the above proposals require a change of management style within SAC. It is clear that centralisation of SAC management and decision making in Edinburgh has not served Craibstone well. The D and T report makes several references to the weak marketing of SAC’s teaching and research capabilities. Local staff can see plenty of opportunities for improving the efficiency of Craibstone and for taking opportunities which would help the agricultural industry and SAC re-build its business. But too many decisions in Edinburgh are not well informed and there is a reluctance to let Craibstone reshape itself to meet the many pressures facing the Scottish agricultural industry. Craibstone can be retained and re-designed without large scale public funding, but it requires a fresh approach to management by the Board and SAC Executive.

4. SAC plans and Scottish Executive Policy
The SAC plans to centralise in Edinburgh run counter to the Executive’s policy of trying to avoid further publicly funded jobs being located in the Central belt. If Craibstone and Auchincruive were properly re-organised, the best option for SAC may well be to retain Craibstone and Auchincruive, sell the Kings Building site in Edinburgh and either to use the money to reduce debt, or to enhance the research facilities at the Bush Estate. Such a solution is likely to better serve the needs of Scotland’s
agricultural and rural stakeholders than the ‘centralisation in Edinburgh and Bush Estate plan’ of the SAC Board. The strengthening of links between SAC and rural stakeholders is essential for the sustainability of SAC and rural Scotland.

5. Request for an Inquiry
The Save Craibstone Campaign Committee asks for an inquiry into SAC’s plans.
- The plan to centralise in Edinburgh does not in any way give a secure financial future for SAC and is unlikely to be achievable.
- It does not meet the needs of Scotland’s agricultural and rural areas.
- And it runs counter to Scottish Executive policy.
SUBMISSION FROM WILLIAM CAMPBELL

In assuming the responsibility for agricultural education and research at Auchincruive in 1991, the Scottish Agricultural College also fell heir to important pieces of Scottish history.

In 1136 Walter, 3rd son of Alan, son of Alan, High Stewards to the Counts of Dol in Brittany, was appointed the first High Steward of Scotland by King David I. He was granted lands in Renfrew, Paisley, Cathcart, 'West Pertyck' and elsewhere. In 1153 after the death of his grandfather David I, the new King Malcolm IV asked Walter to become ambassador to the Court of England. With an argument, which probably has a familiar ring to you Chairman and certainly does to Maitland Mackie, Walter seems to have persuaded Malcolm he could not undertake such a mission without 'additional resources'. Then, the resources were forthcoming and comprised all the land between the rivers Irvine and Ayr out to the Lanarkshire border. This large area included Auchincruive and incidentally the land I farm today then part of Dalsangan and Bargour.

Walter parcelled out the land. Dalsangan and Bargour was held by Peter de Curri (a descendant of whose fell at the Battle of Largs) and Auchincruive was held by Sir Richard Wallace whose great-grand nephew made quite a name for himself. William Wallace hid out from the English on occasion, in Leglen Wood at Auchincruive. Auchincruive was later linked to Sundrum and Dalmellington and passed by marriage from the Wallaces in 1376 to the Cathcarts who sold out in 1758. Auchincruive was sold separately in 1764 to Richard Oswald, merchant, dealer in tobacco and slave-trader amongst other things. He was Quartermaster-General to the British Forces in the Seven Years War and made so much money with his bread wagons that Robert Burns described him as “a plunderer of armies”.

For his part in the war, Oswald was given 20,000 acres in the newly acquired Florida, swapped for Cuba. 1500 acres were cleared; indigo, rice and sugar cane were planted. Oswald also carried out what could be described as the first agricultural research at Auchincruive. In the hothouses, he grew Sugar Cane seedlings and shipped them from Ayr to Florida, no doubt in one of his own vessels. The Oswald family put the 1260 acre Auchincruive Estate on the market in August 1925. There was some speculation in the local press that the Royal Burgh of Ayr would buy it for use as a park and holiday centre. Incidentally a year later, the Burgh did buy the 600 acre Bellisle Estate which marched with some of its Common Good land and built two golf courses. The Ayrshire Branch NFU meetings are held today in the Bellisle Hotel/Conference Centre.

However, Auchincruive was bought by John M Hannah of Girvan Mains, who promptly offered to give it to the West of Scotland Agricultural College for the purposes of agricultural education and research with the stipulation that the College work in Glasgow and the Dairy school and other departments at Kilmarnock were removed to Auchincruive. On the 26th January 1926 the Governors of the College visited Auchincruive to inspect the proposed gift. Since 1908, the Governors had publicly supported the view that they required farm facilities next to the teaching facility. However at the board meeting of the 8th February 1926, the Governors declined the offer because of the stipulation of removal to Auchincruive of the entire College.

The matter was deferred until Mr Hannah could be approached to find out if he would renew the offer but without the stipulation. Unfortunately Mr Hannah read about the decision in the Scottish Farmer, before he had been told by the Governors. The
matter was complicated by the Scottish Office announcing that funding for an Institute of Dairying would probably be available in the future. The Governors felt that such a body should be centred on their Dairy School at Kilmarnock, but the Scottish Office preferred an Institute which was not responsible at all to the College Board; this was not negotiable.

By March 1927, having heard nothing further from the Governors about his gift, Mr Hannah offered Auchincruive to the Secretary of State for an Agricultural College and Dairy School and in addition for the recently proposed Dairy Research Institute, in the West of Scotland. To cut a long story short, matters were resolved between all parties, the Governors agreeing with John Hannah thus, “The West of Scotland Agricultural College to immediately undertake to make arrangements for removing the Dairy, School, Poultry, Horticulture and Apiary section of the College’s activities to Auchincruive, leaving it with the Governors of the College, as they think right, either to retain the College in Glasgow or if they should so decide to establish the same at Auchincruive.”

John Hannah was asked by the Secretary of State to transfer Auchincruive direct to the Governors. This is mentioned in the disposition along with the reason for the gift, “for the purpose of agricultural education and research in the West of Scotland”. The Governors later transferred surplus land, East of the river Ayr to the Department of Agriculture for use as smallholdings then bought Kirkhill and transferred it to the Hannah Dairy Research Institute receiving Gibbsyard in return. Thus apart from the buildings at Blythswood Square Glasgow, everything else was now at Auchincruive.

The Governors needed new buildings, equipment and furnishings and to install electricity, water and gas at Auchincruive. The estimated cost was £74,200. To cover a £20,000 shortfall in funding, the Governors launched an appeal to the agricultural community in the West of Scotland. The appeal stated that with the completion of the various buildings etc. “the College will then be in possession of the most perfectly equipped premises and farming lands connected with any Agricultural College in the United Kingdom, and prove itself of the greatest possible value, not only to its own agricultural community but the agriculturists all over Great Britain and abroad. It is on that account that the Governors appeal with the utmost confidence to all farmers, poultry and bee keepers and horticulturists”. The money was forthcoming and the Duke and Duchess of York (later King George VI and Queen Elisabeth) officially opened the facilities on July 10th 1931. They were presented with a silver model of a dairy cow, complete with horns.

For about the next 60 years Auchincruive more than fulfilled the Governors’ promises to John Hannah and those who gave the money for the new buildings. It built a reputation throughout the world.

By the 1980’s successive cuts in government funding had caused the reorganisation of the advisory and veterinary services. The Scottish Agricultural Colleges Ltd came into being to act as an umbrella with a central administration to run the advisory services and become the employer of all the staff at the three colleges. Its remit was also to determine policy for education and research at all three colleges to ensure co-ordination and avoid duplication. SAC formally took over its responsibilities on the 1st April 1987.

In December 1988 the Secretary of State for Scotland announced the formation of a Committee of Enquiry into the future of the Scottish Agricultural Colleges under the chairmanship of Sir Alywn Williams, recently retired Principal and Vice Chancellor of Glasgow University. The remit was “To consider the present and future requirement
in Scotland for an agricultural advisory service, both general and specialist, which is publicly funded; for agricultural education, particularly those levels currently provided by the Scottish Agricultural Colleges; and for research and development, particularly in support of these two functions with the UK research base.

The report’s findings were published within 9 months to the satisfaction of the Committee although it mentioned that the tightness of its timetable meant “we had to concentrate our efforts on selected aspects of the major issues at the expense of some of the more peripheral problems” (para 1.10). The report made 62 recommendations, mainly that the three colleges should be federated into single College with all the rights and privileges of an autonomous institution of higher education sited on three campuses at Aberdeen Edinburgh and Auchincruive, to be known as the North East and West Campuses.

There was a minority report which was produced “with considerable reluctance” by William Fordyce. He felt that as government policy was to reduce funding by something in the order of 25% in real terms, this would lead to significant changes in the present College structure, including the number of outlets for courses. He felt the Committee had done “little more than tinker with the existing structure.” Fordyce felt this was a major error. He states that “during its deliberations the Committee considered a number of alternative structures to that which exists at present, but discarded some on the grounds that they would be politically unacceptable.” He emphasised that “it is for the Government, not this Committee, to decide what is politically acceptable”.

He felt that as the three agricultural colleges could not continue to offer an effective and cost efficient service against a background of 25% cuts in funding, he proposed two possibilities for serious consideration. Courses should be offered through two outlets rather than three. Although he had doubts about the geographical placing of these two outlets he felt it would not be unreasonable to place them in Aberdeen and Ayr.

Fordyce also suggested a more radical approach, all three colleges would disappear. Education at craft and technical level would be carried out in five Education Authority Colleges of Agriculture/Land based industries using existing colleges and a modified Auchincruive. Technologist courses would be provided by expanded existing departments in the appropriate university. The advisory services would be attached to a coordinated system of Scottish Agricultural Research Institutes. Fordyce concluded that “Today’s easy solution often results in tomorrow’s difficult problem” and that “Cosmetic changes do not provide real solutions to real problems.”

By and large the report’s recommendations were carried out but the complete transfer of assets to the new Scottish Agricultural College was open to question. It was decided to keep a local board to act as a link between the staff and the local community. Such a board was required at Auchincruive to act as Trustees for the estate and for the gifts which made it possible for the West College to operate therefrom. However in 1997 a private Act of Parliament transferred the assets to the SAC.

From its inception, SAC seems to have borne out Fordyce’s prediction and it ran at a notional deficit. Matters came to a head by the turn of the century and the Board of Governors commissioned various reports by consultants, the latest of which is from Deloitte Touche (D&T). This report recommends centering everything at Edinburgh much to the surprise and disgust of the agricultural and local communities in Aberdeen and Ayr.
The report has to be taken seriously since it runs to 95 pages and probably cost more than the £74,200 the Board of the West College spent in 1930 in building new facilities at Auchincruive. D&T are consultants throughout the world and have advised such bodies as the UK government in the privatisation of the National Air Traffic Service, the Inland Revenue in the scheme where all the tax offices are owned by a company in the Bahamas who pay no tax on the rent paid to them by the Inland Revenue. They were also tax advisers to a US company Enron.

The report understandably always refers to SAC, the Scottish Agricultural College, as it should. But this is a false premise. Ayrshire does not talk about SAC as such, it talks about Auchincruive. Thus in spite of being in existence for a dozen years or so ‘SAC’ is not a ‘brand’ name like Auchincruive or Craibstone. This may be influenced by the practice of farmers referring to one another by their farm name rather than by their given name. As shown, the name Auchincruive has been around for centuries. In Ayrshire SAC tends to be taken to mean South Ayrshire Council.

This report, like a great many of such things, states the obvious tautologically throughout. Conclusions 6.1: SAC’s largest, unique and most valued provision to the well-being of rural communities and businesses in Scotland lies in its advisory services – directly for farmers and other land-based businesses and as basis for research collaboration with its internal researchers and those from other agencies.

If this ‘provision’ is unique, there cannot be at least three others, one of which is the largest and most valued. There is one Scottish Agricultural College, that is unique; each of its campuses is not.

The above paragraph seems to suggest the advisory services make most money for SAC, are perceived to be a ‘good thing’ and let others know areas where more research is needed. We need an expensive report to tell us this?

6.2.4 Commercial Necessity and the Public Good

Given the requirement for SAC to generate its own income streams in order to maintain its viability, there are unavoidable tensions between its commercial drivers and its own (and its staffs’) sense of public good or ‘mission’. This is evident in a number of service areas but perhaps most pointed in:

It goes on to tell us that crofters in the Highlands and Islands can’t afford the real cost of the farm advisory services. The high cost of the veterinary services also means a net reduction in effect in “disease surveillance”. That private firms cannot fund necessary research they themselves would benefit from. SAC therefore concentrates its advisory services on the top 20% of ‘clients’.

It also suggests that the structure of SAC is such that it does not have the ‘cost-centre’ methodology it requires to identify net costs of services.

If the above premise is correct that only the top 20%of SAC’s ‘clients’ can afford the services then surely the only reason for having cost centres is to provide the Scottish Ministers with a more accurate picture of the cost of agricultural support.

6.2.2 Educational Services

The most striking characteristic of SAC’s delivery of educational services is its dispersion over three main campuses. We consider this to be a relatively inefficient model for course delivery, and the locations and modes of future educational provision are the core matters which we believe require re-consideration within this strategic review and options appraisal.
This is about as informative a statement as ‘The most striking characteristic of Scottish Universities’ delivery of educational services is the dispersion over 13 main campuses’. Most universities offer very similar main courses although most specialise and have reputations in particular fields, rather like the Collegiate structure of SAC.

The much-praised ‘Scottish’ System, where the people who advise the farmers and do the research also teach the students, is questioned by the report. It praises it but questions the cost, especially the unit cost of providing the education. But if the unit cost of education rises, such as with smaller primary school class sizes, a better education is perceived to be the result. Surely the same applies to Agriculture? At least if the SAC lecturer is not teaching he or she will be advising someone else or carrying out research, unlike the primary school teacher.

The report is full of paragraphs such as the above; no doubt the committee is well able to pick more holes in it for itself.

The summary of the SAC Board’s response in October 2002 is predictable.

*D&T have concluded that SAC’s core future business should concentrate primarily on advisory services for Scotland’s land-based businesses, veterinary services, and applied research services which are directly aimed at end-user needs. The SAC Board welcomes the strong endorsement which stakeholders have given to these activities.*

It goes on to say

*D&T have provided a number of tentative conclusions in relation to the education and training market which will require to be more fully explored following further market analysis. The market for SAC’s traditional full-time campus-based education is declining whilst that for part-time and web-based learning opportunities is increasing rapidly.*

That D&T recommends concentrating on income providers rather than income spenders is hardly surprising. However all this seems to fail to recognise the consequences of the great changes in Agriculture; it is now more capital than labour intensive. One reason for this is that the base price of an acre of ground reflects the level of grant given to that acre. Thus if each acre attracts a total of £50 in grant aid, the base price, if interest rates are 5%, is £1000. If grant aid rises to £100, the base price will double too. If the interest rate falls to 2.5%, the base price will again double.

One consequence of this is highlighted in the Scottish Farmer of the 14th June 2003.

A stockman has set up a new business venture. He is quoted “Farming is changing so much. There are a lot of businessmen coming in to the industry who are desperately keen to learn how to bring out their stock but there is no one to teach them. I want to educate these people to help them improve their cattle.”

There will doubtless be good reasons why businessmen, ignorant of cattle, wish to enter farming, however they will be the ones who will employ graduates of Auchincruive and its sister campuses until the time comes for them to move on to something else; unless they acquire a commitment to the land from their employees.

The same sort of thing happened in the 18th century when the likes of a businessman, Richard Oswald bought Auchincruive. He employed a man of knowledge, a factor to advise him and although some of his ideas were successful, others were not.
Auchincruive imported, for the benefit of the local agricultural community, jackasses. In spite of much persuasion, Ayrshire farmers would have nothing to do with them. Judging by recent meetings in Ayr on the SAC proposals, history is repeating itself.

In the forward to his committee’s report, Sir Alwyn Williams stated “Scotland is not well-endowed physically for the pursuit of agriculture. Most of its farming is nothing less than trench and tractor warfare against a hostile terrain; and the European Commission has added its own economic perspective to the rural scene by classifying 90 percent of all the land as a Less Favoured Area. Yet, plant and animal production have always contributed vitally to national well-being down to the present day, even though they may no longer be the staff of a subsistence economy and the prime source of employment nationwide”.

I and my fellow farmers wrest a living from the land of the Scot and we are proud to do it. We need someone on the doorstep who has time to think, who can tell us how we might improve things. That person is also best placed to educate our children in new and tested methods that we have not time to find out for ourselves because we are too busy feeding Scotland. I produce the raw material for ice-cream, yoghurt, butter, cream, cheese and milk, one of nature’s finest foods. This is the stuff young bulls drink. William Wallace fed his army on oatcakes and cheese.

In conclusion, chairman, with the deepest respect I leave you with a quote from Jonathan Swift, from Gulliver’s Travels written in 1726 when the great agricultural improvements of the 18th century were just starting - “and he gave it for his opinion, that whoever could make two ears of corn, or two blades of grass, to grow upon a spot of ground, where only one grew before would deserve better of mankind, and do more essential service to his country, than the whole race of politicians put together.”

I urge you to do your utmost to ensure that agricultural improvement continues at Auchincruive and not make one blade of grass grow where three blades grew before.
This briefing is written for the benefit of the Environment and Rural Development Committee inquiry into the proposals for change at the Scottish Agricultural College.

It provides a summary of the historical development and subsequent diversification of the Scottish Agricultural College, and an insight into current issues surrounding the proposed rationalisation of services.
INTRODUCTION

This paper aims to provide a summary of current issues surrounding the Scottish Agricultural College, and the proposed rationalisation of activities to Edinburgh and surrounding estates.

The Scottish Agricultural College (SAC) is involved in education, research and consultancy in the rural sector of the economy and other related industries.

The SAC was formed in 1990 by the amalgamation of the North of Scotland College of Agriculture (Aberdeen), the East of Scotland College of Agriculture (Edinburgh) and the West of Scotland College (Ayr) into a single corporate structure administered from Edinburgh.

The SAC has three campuses in Edinburgh, Ayrshire and Aberdeenshire and also includes seven research and development farms, eight veterinary centres and twenty-three local farm and rural business advisory offices located throughout Scotland.

FUNDING

Core funding for education, research and advisory services comes from the Scottish Executive Environment and Rural Affairs Department (SEERAD); however the college generates additional income through commercial research and development and advisory activities in Scotland, other parts of the UK and world-wide.

The SAC currently receives approximately £18m per annum from SEERAD, this equates to about 40% of its income of £46.46m in 2001/02. SAC is a charitable company limited by guarantee.

CURRENT STATUS

The Aberdeen campus is at Craibstone Estate, 5 miles north-west of Aberdeen. This campus provides access to mixed farming and the opportunity to study the food production industry. The Auchincruive campus lies in South Ayrshire, 3 miles east of Ayr and includes a poultry farm and laboratory-based research facilities, while the Edinburgh campus is situated on the Kings Buildings Campus of the University of Edinburgh. The college shares three farms, extending to 1295 ha (3200 acres), with the University of Edinburgh on the Bush Estate near Penicuik in Midlothian.

When the Auchincruive Estate was gifted to the West of Scotland Agricultural College, the gift was made with conditions. These were that the asset had to be used for the purposes of agricultural education, research and advisory work in the West of Scotland.

In 1997, all the physical assets of the regional colleges were transferred to the SAC under the Scottish Agricultural College Order Confirmation Act 1997\(^1\). Section 4 of this Act states that:

\[ \text{All…responsibilities and obligations of the regional colleges existing immediately before the appointed day shall on the appointed day be transferred to and vested in the College and shall thereafter be discharged and satisfied by the College.} \]

\(^1\) http://www.hmso.gov.uk/acts/locact97/1997004.htm
The campus at Craibstone was donated by the McRoberts Trust. However, no information is available on any conditions of gift.

Craibstone contains 12,350m² of education/research space, Auchincruive contains 22,600m² of general and 4,500m² of dedicated space, Kings Buildings has 10,000m² of education/research space and Bush approximately 9,400m² of research and laboratory space.

Over 1000 students take a range of diploma and degree courses in subjects such as agriculture, aquaculture, conservation and rural resources, food manufacture, horticulture, leisure and tourism, management, poultry and science & technology. Degree courses are taught in collaboration with the Universities of Aberdeen, Edinburgh, Glasgow and Strathclyde.

Advisory and consultancy (including veterinary) services represent 39% of overall SAC income, research and development services amount to 28%, and educational and training services make up 20%.
11 years after its creation, the SAC sought in 2001, to reduce the scale of its activities at its Ayr campus. These proposals proved contentious, so the Minister for Environment and Rural Development requested that the Board undertake a further review if their objectives, markets and services. Subsequently, Deloitte & Touche (D&T) were commissioned in May 2002 to assist in a two phase review of corporate strategy. Phase One sought to assess the levels of stakeholder agreement with SAC’s stated mission, vision, and strategic objectives. Phase Two sought to identify a preferred option for the future by appraising and assessing different configurations of service delivery.

According to this review the SAC currently maintains 4 times the infrastructure it requires, at a cost in excess of £300,000 a month. Additionally, SEERAD are planning to reduce SAC’s funding for education over the next 3 years by 25%. This amounted to £424,000 in the year 2003 – 2004.

Phase One: Stakeholder Consultation

Following stakeholder consultation by D&T, SAC’s advisory services were recognised as providing a unique contribution to agriculture and related industries and a significant resource for external and internal research. Research services, the second largest of its service areas, are also widely appreciated, especially in applied animal and crop science. Education services have proven the most problematic of SAC’s service portfolio, with a long-term trend of declining demand for conventional courses in agriculture and related subjects.

The D&T consultation programme found significant staff and student discontent and concern for the future of the Ayr and Aberdeen campuses. Both internal and external stakeholders agreed that the locus of SAC’s difficulties was primarily in its education services.

Additionally, an element of scepticism, and a weakness in staff ‘buy-in’ were identified in both the Mission Statement and Vision Statement of the college. Detailed adjustments to the wording and interpretation of SAC’s six strategic objectives have been recommended to more accurately reflect stakeholder concerns. The future scope of educational provision should also be considered with regard to cost-effectiveness and its appropriateness to SAC’s mission.

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2 [http://www.sac.ac.uk/info/External/About/publicns/PRESS/Press2003/March/03N11.asp](http://www.sac.ac.uk/info/External/About/publicns/PRESS/Press2003/March/03N11.asp)

3 Pers. Comm. Alastair Anderson. SAC Finance Dept. 19/6/03
Options for Change

Nine options for change were appraised against maintaining the current configuration of campus facilities and service provision. These are summarised below:

<table>
<thead>
<tr>
<th>TABLE 1</th>
<th>(Values are in £000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Status Quo</td>
</tr>
<tr>
<td>Discounted cashflow total over 20 yrs</td>
<td>46,336</td>
</tr>
<tr>
<td>Cumulative income less expenditure over 20 yrs</td>
<td>102,385</td>
</tr>
<tr>
<td>Average annual net cost</td>
<td>5,119</td>
</tr>
<tr>
<td>Higher average annual cost compared to lowest cost option</td>
<td>4,581</td>
</tr>
</tbody>
</table>

Source: Deloitte & Touche calculations.
Please note that all figures are negative – i.e. costs – except in one case where a + is shown.

The above table includes all possible one and two-site combinations. In the light of the above findings it was concluded that the two most efficient options would be to use both the existing King’s Buildings and Bush sites together.

Phase Two: Proposals for Change and Preferred Options

D&T project that SAC need a total of 12,800m² of education/research space in comparison to currently maintaining over 58,500m².

Broadly, D&T’s Strategic Options Appraisal recommended that SAC should⁴:

- Continue to provide land-based courses as part of an integrated approach to its knowledge transfer objectives as long as, and to the extent that, specific courses remain cost effective;
- Make more systematic use of partnerships with other agencies in doing so; and
- Develop a ‘hub and satellite’ model of course delivery, increasingly using digital and other outreach means to serve the whole of Scotland.

In the light of the Strategic Options Appraisal, the three preferred approaches to SAC rationalisation were:

1. build a new headquarters and additional research and development accommodation at the Bush Estate in Midlothian and consolidate all educational services and the balance of research and development at King’s Buildings. D&T identify this as the preferred option;

2. develop a new educational campus, research accommodation and HQ for SAC, co-located with an existing central Scotland university campus and sharing some facilities, with some specialist facilities remaining at Bush; and

3. re-develop the King’s Buildings to accommodate all educational services and SAC’s HQ, whilst moving most of SAC’s research and development staff to existing and newly-built accommodation at the Bush Estate in Midlothian. This represents the best option in terms of Discounted Cash Flow (see Table 1), and provides a fall back if necessary.

Option 2 was considered to be high in risk due to being subject to site availability and cost and partner consent uncertainties.

More specifically, D&T have advised SAC that:

1. the educational estate is excessive in scale and too dispersed for efficient operation. The issue of campus rationalisation should now be addressed;

2. Failure to rationalise campuses would lead to increasingly large financial deficits, possibly in excess of £46m within 20 years;

3. the preferred option should be that which would re-develop the King’s Buildings to accommodate all SAC’s campus-based educational services and staff and some office-based research and development staff, whilst moving SAC’s HQ and most of its research and development staff to existing and newly built accommodation at the Bush Estate in Midlothian. This option is robust in that a rather less expensive configuration is available as a ‘fall back’. The option which would develop a new campus for all SAC’s campus-based activities, co-located with a central university, has inherently higher risks and is considered the third best option;

4. the preferred option makes best use of the resources of SAC to achieve its strategic objectives, and also safeguards those resources more effectively than does maintaining the status quo or options which would require new investment at other existing campuses.
SCOTTISH AGRICULTURAL COLLEGE PROPOSALS AND COMMENTARY

The SAC Board has endorsed D&T’s recommendations, and proposes to:

- consolidate education activities on the existing campus at Kings Buildings, whilst maintaining satellite education capability in the North and West, the scale of which will depend on local demand, and will depend on the development of appropriate partnerships with other education providers in those areas. The Board are exploring how best to deliver on a wider access basis in line with government policy.

- Site most, but not all, R&D programmes at the Bush Estate where many core R&D activities are already located. It is intended that this will ensure an intellectual and operational ‘critical mass’ for the development of applied research. It is intended to retain local regional resources where those are the most appropriate facilities for certain research programmes. Examples of this include dairy research at Dumfries and local ‘List Trial’ capability in Aberdeen.

Nevertheless, the SAC Board realises that they⁵:

*must secure SEERAD and wider political endorsement for the process.*

Furthermore:

*If the needs of local communities and their political representatives are such that SAC requires to amend its plans then SAC will look to government to finance any extra costs involved.*

The proposed strategy has:

*Secured the immediate public support of the RHASS, the NFUS, the Scottish Landowners Federation, and the Scottish Dairyman’s Association. Furthermore, the full 22 person combined senior and mid-management team is enthusiastically supportive of the strategy, as are the majority of staff in SAC, who…are not based at Ayr or Aberdeen, but are dispersed widely around rural Scotland providing front line services to land-based communities.*

A press release on 17 June confirmed that⁶:

*there is no change in the Board’s intent to pursue the implementation of its core restructuring strategy…The Board strategy is delivering a “Best for Scotland,” not a best for Grampian, or best for Ayrshire solution.*

*SAC is engaged in developing a four year implementation plan. However, the Board confirms that no irrevocable moves designed to deliver Deloitte and Touche based strategy will take place before the Environment and Rural Development Committee has had the time to effect an enquiry.*

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⁵ Maitland Mackie, Chairman SAC Board. Letter to Alex Fergusson MSP, Convenor of the former Rural Development Committee. 10 April 2003

⁶ [http://www.sac.ac.uk/info/External/About/publicns/PRESS/Press2003/Jun03N35.asp](http://www.sac.ac.uk/info/External/About/publicns/PRESS/Press2003/Jun03N35.asp)

providing research and information services to the Scottish Parliament
PREVIOUS PARLIAMENTARY WORK

During the last Parliamentary session the Rural Development Committee twice considered the future of the Scottish Agricultural College. Petition PE480\(^7\) was considered in April 2002, when the Committee requested that the Minister kept it informed of further developments. On 25 March 2003, the Minister for Environment and Rural Development gave oral evidence to the Committee on developments up to that point\(^8\).

On 28 May 2003 a member’s business debate (S2M-10)\(^9\) also considered the proposals for SAC.

The following points provide a flavour of these debates and enquiries, and aim to synthesise many of the views of the general public and local stakeholders who have also voiced concern.

- **Jobs Dispersal and Educational Accessibility**

The Executive aims to promote and support educational opportunities and the dispersal of public sector jobs to rural areas. Whilst the SAC is not a public agency, many people feel that 40% funding from SEERAD should justify intervention to support rural communities in both Ayrshire and Aberdeenshire.

…the point of having a centre such as Auchincruive is that it is based in the countryside? A move to Edinburgh is hardly in the interests of the future of the agricultural industry in this country. (Jamie McGrigor\(^8\))

- **Deloitte & Touche Findings**

Few commentators dispute the need for SAC to restructure, however there has been widespread disappointment with D&T’s findings, and the SAC Board’s consensus that an Edinburgh-centric solution represents the best option. Additionally, questions have been raised about figures such as the projected number of future students (Adam Ingram\(^9\)), and the conduct of the SAC Board (Brian Adam\(^9\)). There have been calls for a full parliamentary inquiry into the issue (idem).

Further information on the nature of the ‘satellite’ part of the proposed hub and satellite model is not available. The provision of detailed information, for example; operational and organisational structure, funding, and timescale for delivery may go some way to alleviating the concerns of rural communities in Aberdeenshire and Ayrshire, and those representing them.

*Overall, I question the robustness of the Deloitte & Touche report as the best financial option for the SAC.* (Richard Baker\(^9\))

*Let us be absolutely clear: no business or body that is partly funded from public resources can continue with four times the space that it needs at an annual cost of £4.6 million. That is a gross waste of taxpayer’s money.* (Rhona Brankin\(^9\))

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\(^7\) [http://www.scottish.parliament.uk/S1/official_report/cttee/rural-02/rap02-12.pdf](http://www.scottish.parliament.uk/S1/official_report/cttee/rural-02/rap02-12.pdf)

\(^8\) [http://www.scottish.parliament.uk/S1/official_report/cttee/rural-03/ra03-1102.htm#Col4512](http://www.scottish.parliament.uk/S1/official_report/cttee/rural-03/ra03-1102.htm#Col4512)

\(^9\) [http://www.scottish.parliament.uk/plenary/or-03/sor0529-02.htm#Col294](http://www.scottish.parliament.uk/plenary/or-03/sor0529-02.htm#Col294)
**Socio-economic Impact Assessment**

D&T were not instructed by SAC to carry out a socio-economic impact assessment on the effects of campus closure on surrounding communities, and little evidence of the consideration these impacts has been found.

The “socio-economic impact” of campus closures…that issue is political, not commercial, and is not an issue that my Board can resolve on its own or in the absence of a specific funding commitment from government. (Maitland Mackie⁵)

A recently released report from Scottish Enterprise Ayrshire revealed that Auchincruive puts £10 million into the local economy each year, supports 410 full-time equivalent jobs and is supplied by 198 local companies. Craibstone will, no doubt, have similar figures to report. (Adam Ingram⁹)

We have a responsibility to everyone in Ayrshire and Aberdeen who relies for their job on those colleges and campuses. It is absolute lunacy to shut down facilities in economies that are feeling the cold and which are up against it and place all those jobs and all that money in an overheated Edinburgh economy. (Alex Neil⁹)

**Alternative Proposals**

Adam Ingram⁹ noted that the Partnership Agreement¹⁰ made a commitment to establish a rural development institute, and urged the Minister for Environment and Rural Development to consider the possible relationship between such a body and SAC’s rural campuses. Furthermore, John Scott⁷ also proposed that:

Auchincruive could become the rural centre for the west of Scotland in the same way that a rural centre cluster exists at Inglisston. SEPA and SNH could be encouraged to relocate…SEERAD might also consider moving. Commercial enterprises might also wish to locate there if a one-stop shop rural centre were developed.

**Organic Agriculture**

Craibstone campus is a centre for excellence within the organics sector, and jointly provides an MSc in Sustainable Agriculture (with Aberdeen University). This farm has been Soil Association certified for 10 years. The organic dairy herd is currently scheduled for sale in July.

a fully organic farm with staff who are fully versed in organic farming and who have years of experience. A price cannot be put on such an asset; it is simply invaluable. I very much doubt whether the Deloitte & Touche report even considered trying to put a price on it. (Shiona Baird⁹)

The Executive is finally committed to the idea of the western peripheral route around Aberdeen. Craibstone is conveniently placed there. If the land is sold prematurely as an organic farm, as straightforward farmland or for another purpose, we will not get value for the public pound. (Brian Adam⁹)

**Complete Publication of Deloitte & Touche Report**

The SAC has not published the full Deloitte & Touche report for reasons of commercial confidentiality. Richard Baker⁹ has called for independent financial scrutiny of the full report, and for the Executive to consider the financial impacts on agriculture in the north-east. Similarly, Nanette Milne⁹ voiced serious doubts and questions surrounding the D&T report, and feels that the availability of the financial detail would make possible the exploration of alternative options.

> The SAC board may have arrived at the right answer, but it has not shown the workings. Until it can produce a robust business plan based on solid evidence, it should not proceed with anything that cannot be undone, such as the sale of its organic dairy herd. (Nora Radcliffe⁹)

- **Conditions of Land use**

In 1927, the donation of Auchincruive Estate to the local agricultural college came with the condition that the asset had to be used for the purposes of agricultural education, research and advisory work in the West of Scotland. Adam Ingram⁸ notes that significant proportions of the land are not immediately at the disposal of SAC. This would appear to concur with the Scottish Agricultural College Order Confirmation Act 1997¹.

> The SAC is a separate company—it is not part of an Executive department. Its directors are required by law to take decisions that are based on the most financially prudent route for the college and that are in the college's best interest. (Rhona Brankin⁹)

The following question was also asked in Parliament¹¹:

S1W-34937 - Phil Gallie (South of Scotland) (Con): To ask the Scottish Executive under what conditions the Scottish Agricultural College buildings at Auchincruive were inherited by the nation and whether any change of use of the buildings and land away from agricultural education purposes would negate their current ownership.

Answered by Ross Finnie (27 March 2003): This is a matter for the Scottish Agricultural College which has title to the land and buildings at its campus at Auchincruive.

¹¹ [http://www.scottish.parliament.uk/webapp/result_WA](http://www.scottish.parliament.uk/webapp/result_WA)
Our Ref CE/AGC/WC/176
Your Ref

18 June 2003

Please ask for Mr Campbell
Direct Dial (01224) 665400
Fax (01224) 665444

Ms Tracey Hawe
Clerk to the Environment and Rural Development Committee
The Scottish Parliament
EDINBURGH
EH99 1SP

Dear Ms Hawe

Aberdeenshire Council is anxious to ensure that its views are represented during
the inquiry into the Scottish Agricultural College’s proposal to relocate all teaching to
Edinburgh as we believe the Board’s proposals to be flawed.

We have previously written to the Minister for the Environment and Rural Affairs and
his reply intimated that the College Board’s proposal had given him concerns in a
number of areas which he had asked the Board to address.

Although we have had presentations from the College Principal and Board
Chairman, we are unconvinced by certain aspects of the rationale for concentrating
教学 and research effort in Edinburgh, though we do recognise the economic
drivers for a single site

Specific areas we question are:

Centralisation in Edinburgh runs counter to the Scottish Executive’s policy of jobs
dispersal and to locating service providers as close as possible to their customer
base

Edinburgh is hardly a rural setting and its economy is not as dependent on
agriculture and food production as Aberdeenshire’s, where food production is the
largest commercial employment sector.

The concentration of food cluster elements in North East Scotland is important to
the credibility of growers, catchers, processors and manufacturers and any dilution
of this cluster benefit will be felt disproportionately in an area which is remote from
its key markets and depends on competitive initiatives to remain viable.

There appears to be a presumption that Edinburgh should be the focus
for teaching because the largest number of SAC staff are already there but this is
hardly an economic justification in itself.
Edinburgh is an expensive area for housing and SAC does not represent a major part of Edinburgh University.
Aberdeen University has a large rural dimension in its research and teaching and has close links with the Macaulay Land Use Research Institute and the Rowett Research Institute which play a major role in land based research, whilst the Robert Gordon University has a large faculty dealing in nutrition, dietetics, catering and home economics.

Another important link in the food chain cluster is the Scottish Headquarters of the Food Standards Agency which is located in Aberdeen.

Impacts of the Common Agricultural Policy reform proposals are likely to include large reductions in Scotland’s cereal and beef production which are both principal outputs from North East farms so the reforms will badly affect farm economics in this area and so there will also be an enhanced requirement for re-skilling and educating farmers in new trades or crops respectively in order to maintain the viability of their farm units and help ensure the survival of many rural communities.

We also have concerns about some of the financial assumptions presented by the SAC Board and we are currently investigating a number of aspects of these.

We would welcome information on any sittings of the Committee where evidence may be given orally as we would wish to avail ourselves of such an opportunity to make a more detailed case for the retention of Craibstone.

Yours sincerely

[Signature]
Alan G Campbell
CHIEF EXECUTIVE
SUBMISSION FROM A MEMBER OF SAC STAFF WHO WISHED TO REMAIN
ANONYMOUS

A Vision for the Future

1. Integrated Rural Development Centres which integrate education, research and
advisory services for all rural industries, provided from purpose built resources
within the rural community.

2. The 'Scottish system' of information transfer between services with
professionally competent staff able to provide up-to-date information in the form
required by rural clients.

3. Fundamental need for the close geographical location of the advisory and
education services to the rural communities on which they serve.

4. Recognition of the importance of practical skills to both industry and
education in providing competent future employees, and that this will require extra
investment in appropriate specialist facilities and staff.

5. Full representation of and the involvement of all stakeholders in contributing to
the management and future success of the organisation.

6. Recognition of the excellent tradition of educating different capabilities of
students, that SAC has all over Scotland, in particular those who would normally
never have considered higher education.

7. Full details of SAC’s assets and the financial costs of each campus.

8. Market Research on the current and future markets clarifying the future courses
and student numbers and immediate identification of successful recruitment
strategies.

9. Investigation of existing and potential alternative income at each campus (this
information is already available)

10. Immediate clarification of the nature of any actual joint or co-operative
agreements with other providers; recognising that all current and competing
service providers are important parts of the rural community

11. The establishment of regular contact groups from all sectors of the rural
industry and community feeding ideas and information into the rural development
centres keeping staff and clients up-to-date; seeing the benefits in the services they
receive and breaking down old perceived divisions.

These points provided the basis for an organisation which would serve and be part of the
continuing evolution of Scottish Rural life. It is recognised that this would require an
inclusive, consulting style of management, listening, encouraging and reacting to the
needs of the rural communities around Scotland.

There is an opportunity to investigate the financially viable of such a vision. The
subsequent evidence is presented here to present the case for the South West.
Resources

'Auchincruive' Brand Estate (269 ha) within Green Belt Farm (137 ha) Woodland (46 ha) River Lecture Rooms (30) Teaching and Research Labs Computer Rooms (5) Library Workshops Demonstration Hall Enterprise Learning Centre Countryside Centre Conference Venue Video Conference Facilities Ayr Agricultural Showground Historic Buildings (Oswald Hall) Gardens (Hanging & Formal) Glasshouses Sports Pitches Gym Range of On-Site Accommodation Shop On site Canteen & Catering 10 km's of walks River >500 Car Parking Spaces Full range of up to date Services

The Scottish System

Integrates knowledge across :- Research and Development Education and Training Advisory and Consultancy Encourages co-operation and sharing of information & resources Competent and enthusiastic staff can work with Industry & Research facilitate change encourage Technology Transfer serve Rural Communities pass on Best Practice System is recognised internationally & respected nationally

Auchincruive

An Asset

Campus Accessibility

Excellent Infrastructure Airports Railway Motorway Ferries Buses/Taxis Local Facilities in easy reach Accommodation Shopping Leisure & Tourist Attractions Open Access to Estate Venue for Social Events

History and Heritage

Auchincruive reputation 100 years history of Education, Research and Advisory work with West of Scotland Rural Industries Donated to West of Scotland An Inventory Designed Landscape Oswald Hall was deigned by Adams Estate Features Commercial & Amenity Woodland Listed Buildings 2 category 'A' 4 category 'B' 3 category 'C' Burns and Wallace connections Large Historical Archive of material
Integrated Rural Development
Agriculture
Bekeeping
Business Management
Conservation
Countryside Management
Environmental Protection
Food Science & Technology
Forestry
Horticulture
Poultry
Sustainable Development
Technology
Tourism
Waste Management

Education & Training
Widest Range of Rural Vocational Courses
Modularisation of all Courses is due to be implemented in Oct 03
This Rationalisation of subjects will create large savings in 2003/4 & 2004/5
Modes of Delivery
Full time
Part time
Flexible & Distance Learning
Client Based
Countryside Centre working with local primary & secondary schools
Enterprise Learning Centre
Regular Visits & Links to Industries
Excellent Employment Opportunities
Good history of Career progression
Rural Social Inclusion, providing less able students access to FE and HE levels
'Life-long Learning' links with ex-students who remain Clients
Wider Access Scheme through Foundation and NC Courses & SVQ's
National & International Reputation for Course Provision
Excellent Training Portfolio

Campus
Not a Liability

Support for Local Businesses
Advisory Expertise
Specialist Expert Staff
Feasibility Studies
New Product Development
Training
Conferences
Enterprise Learning Centre
Discussion Groups
Venue for meetings
Demonstration/ Subject Days
Specialist Technical Facilities
Veterinary Lab
Food Hall
Poultry Production & Science Engineering Facilities
Office Space on Rural Campus
Specialist facilities

Loyal Staff
Working Internationally & Locally
Highly Experienced
Professional
Large Network of Contacts
Acceptors of Change/ Innovators
Investors in People
Specialised
Diversity of Academic Expertise
Approachable
Well Published
Expert Witnesses
Local credibility and Involvement
Contributors to Local Economy
The Summary of the Alternative Plan for a Viable Auchincruive Campus

Campus Resources
The Auchincruive Campus has a diverse estate with farmland, woods, a river, formal gardens, conference centre, accommodation, and specialist education and research facilities, set off by historic buildings. It has a modern infrastructure and excellent links to the outside world. The staff have an amazing loyalty to the campus and to providing quality education, research and advisory services. There is ample opportunity for further sharing of the campus resources for technology transfer and reduction of overheads.

Integration of Rural Development through the Scottish System
Auchincruive has always worked with local communities, providing the services that businesses want. Education courses are all vocational providing practical and up-to-date technical experiences using the campus facilities and expertise of staff. Other services have been developed over time through the contacts and knowledge of the advisory and specialist research staff.

Modularisation of Courses
From October 2003 all courses will be revalidated, the contents have been rationalised to ensure large class sizes where possible whilst maintaining the specific vocational focus of each course. This process of ‘modularisation’ has taken two years to prepare and will substantially reduce the number of subjects or modules taught while encouraging more cross course integration. Modularisation will deliver savings in the costs of education provision with less staff and campus facilities, freeing up more space. For the future it is planned to build on the rationalised module list to diversify into new courses.

Campus Partners
Auchincruive is fortunate to receive the continued support and involvement of many rural and local industries. Some excess space on campus is currently rented to businesses, although the renting out of excess property has been actively dissuaded by SAC to date. Currently an income of less than £200,000 is provided from those organisations already on site. The campus infrastructure and services are of a very high standard, for example the telecommunications network. Current clients describe both the technology transfer advantages and the social benefits for their staff on relocating to this out of town ‘rural business park’.

Campus Initiatives
The Scottish Executive’s strategy for Rural Development encourages all rural sectors to work together to produce and support healthy, growing sustainable rural communities. The Auchincruive campus currently does this in a wide range of diverse areas and could do more in the future if given the opportunity. A list of possible enterprises for the further diversification and financial effectiveness of the campus are given in the full Alternative Plan for Auchincruive.

The continued support of the Councils in Ayrshire as well as Dumfries and Galloway and the expertise of Enterprise Ayrshire will be essential in helping to steer the future path.

It is believed that the integrating role that Auchincruive fulfils for and with rural industries and communities is worth retaining and developing further. The staff know and welcome the changes (including losses) and opportunities to run the campus in a transparent, financially sound and efficient manner.

Thank you for the chance to present a case.
The Scottish Parliament,
Edinburgh,
EH99 1SP

Dear Ms Boyak,

10th June, 2003

Future of the Scottish Agricultural College (SAC)

I am writing to you as a staff member of SAC, Edinburgh to ask you to support the preferred option that was highlighted by a recent independent report by Deloitte and Touche (D&T). At the request of the Scottish Parliament, SAC have recently undergone a review of its position to be able to deliver the best possible service to the rural sector for Scotland in the forthcoming years ahead. Before going on, it is worth summarising the original proposals from D&T that were supported by the SAC Board:

- The built infrastructure of SAC is too great – by a factor of at least 4. It needs to be rationalised. Any of the existing campuses could contain our HQ and academic functions.
- As far as possible, R&D and Education should be consolidated to a single core facility, with local needs met through satellite centres.
- The least cost option for the core facility, based on 20 year discounted cash flow calculations, was to locate the core facilities in Midlothian (R&D and HQ) and Edinburgh (Education).
- Consultancy and Veterinary services would be unaffected by the proposals, with retention of specialist consultants in Grampian and Ayrshire to support local needs.

It is worth emphasising that the original D&T proposals include retention of the following resources at Aberdeen and Ayr.

- All veterinary and farm business services staff.
- All specialist consultancy staff.
- Local estates and building maintenance staff appropriate to the needs of the local infrastructure. Relevant support staff according to business needs.

The crux of the D&T proposals is to reduce our overhead and therefore increase our competitiveness in the marketplace. At the end of the day that is good for clients and therefore for jobs at SAC.

Whilst this is clearly a difficult issue for a number of staff, the majority of staff support the need for rationalisation of SAC’s infrastructure. At a recent constructive meeting, our Union, Prospect, confirmed their support for significant restructuring in order to protect the financial
integrity of the organisation and jobs in the future. However they face the same difficult issues as do management with regard to exactly how the restructuring takes place. Prospect's position, is that jobs should be retained, as far as possible, in situ at each site. In order to accommodate this, Prospect acknowledges that sale of parts of the SAC Estate may be necessary to deliver a local presence at the Auchincruive and Craibstone campuses which is fit for purpose. Some resistance to change has been voiced in the North-East and South-West of the country; elsewhere there has been significant support for SAC's restructuring proposals. But loyalty and financial viability are, unfortunately, not directly proportional; some of our biggest critics are not even clients of our business. And we have suffered from the continuing, but erroneous, belief amongst some, that SAC will be haled out by government; the reality is that we largely survive or fail through our own efforts by delivering what our clients need.

The D&T Phase II Report was released just before the dissolution of the last parliament and therefore provided useful fodder for political comment during the recent election campaigns. Unfortunately the debate has been dominated by local interests which have tended to overshadow the need to properly examine the requirements of Scotland's rural sector as a whole. Indeed MSP's face the same dilemmas in decision taking that are faced by the management and staff in SAC - how to rationalise a very long-standing structure in the face of falling revenues whilst trying to maintain local services and local jobs.

It would be a tragedy however if the real issues were to be shirked, yet again, because the decisions are seen as just too difficult.

There have been repeated calls by MSP's for a parliamentary enquiry. The SAC Board and Executive management team would welcome that and all members of the new Environment and Rural Development Committee have been written to, seeking an early meeting to present and discuss SAC's proposals.

SEERAD's officials have examined the D&T Report, its methodology and conclusions in very great detail. The understanding is that the SEERAD economists and buildings experts endorse the methodology used by Deloitte & Touche in the financial analysis, as Deloitte & Touche have not been asked to rework any of the figures contained in the Phase II Report.

The Minister has asked SAC to revisit some aspects of the original proposals in order to investigate how we might respond to two issues:

- The need to meet local stakeholder requirements for specific R&D needs and specific Educational provision.
- The need to retain as many jobs as possible in local communities.

The SAC Executive has now embarked, along with the support of Deloitte & Touche, on a study (Deloitte & Touche Phase III) for the Minister, to look at how SAC might revise its original proposals to address those issues, and to cost those revisions.

I am writing to you to urge you to support the recommendations made by the D & T Report as I firmly believe that SAC have to be financially sound to be able to be in business in the future. It is important to ensure that Scotland, as a whole, has the most appropriate agricultural research and education service. Considerable "noise" has been generated by those immediately affected by the recommendations of the Deloitte and Touche Report (Phases 1&2) and only silence has been
apparent from staff of the Midlothian/Edinburgh Campus, currently the largest SAC Campus (Midlothian/Edinburgh 282 staff with Aberdeen 173 and Ayr 231).

This silence should not be misconstrued, as such a diplomatic silence should be seen as respect for our colleagues in Ayr and Aberdeen in the light of the preferred D & T option for the main campus to be based near Edinburgh. The D&T report concluded that the principal services provided by SAC are highly valued by stakeholders, although the education provision at 3 campuses should be re-appraised. Currently SAC has over four times the property base required to deliver agreed services and as a result it should move to a ‘hub and satellite’ model for delivery of services, with the headquarters function and much of the education and R&D focused in Midlothian/Edinburgh. There is already a substantial body of research and education staff based in this locality (282). Concentrating these functions here will encourage further partnership and collaborative activity with the substantial research and education community long established in the vicinity (e.g. we collaborate extensively with the Moredun Institute, Edinburgh University and the Roslin Institute). This will be to the long-term benefit of SAC and the rural community.

The needs of the rural economy in terms of research and education for the future will be diverse and will also need to be provided in the most cost-effective manner. Creating a hub for these activities in Midlothian/Edinburgh, supported by outreach facilities elsewhere in Scotland, appears to offer the best opportunity to build a national Centre for land-based related education and research. Such a Centre would help to ensure that Scotland would have the most appropriate education and research base to meet the needs of rural communities.

In the coming debates on the future of SAC, I would be grateful if you will bear in mind the points above. In addition, tax-payers will wish for a cost effective approach; researchers like me wish to pursue their careers in a rewarding environment with sufficient ‘critical mass’ that encourages productive work of high quality; educators wish to provide an academic environment which will allow students to reach their maximum potential. All of these wishes may be satisfied if the D&T proposals are enacted and the existing SAC Midlothian/Edinburgh Campus developed to become fully ‘fit-for-purpose’.

Yours sincerely,

Joanne Connington (Dr)
Ms Tracey Hawes  
Clerk, Rural Affairs Committee  
The Scottish Parliament  
Edinburgh  
EH99 1SP

Dear Ms Hawes,

The Scottish Agricultural College

Please find enclosed a copy of a response to the Deloitte and Touche report which I have today sent to Maitland Mackie, Chairman of the SAC Board.

I would be grateful if you could bring this response to the attention of the Rural Affairs Committee in preparation for any debate concerning the future of SAC.

Yours,

[Signature]

Dr Graham E Dalton

cc Nicol Stephen MSP  
Mrs Nora Radcliffe MSP
TEN THOUGHTS ON
THE DELOITTE AND TOUCHE REPORT ON S.A.C.

Dr Graham E Dalton FiAgM

1) This report is a classic consultancy report where the wrong question has been asked. The financial accounts show that SAC is not working. Why? High overheads for facilities are only one possible reason for this situation.

2) SAC’s main asset and cost is its staff, which represents its store of knowledge. Are there the right number of staff of the right quality and expertise, doing the right things and performing well enough? These are more relevant questions than where staff might be located.

3) It is not sensible to make choices based only on numbers, especially over a twenty year term. Why is the Edinburgh option best? What is the logic? This does not come out in any clear way. The report is mechanistic and makes the dubious assumption that its proposals will have no effect on revenue. No change in earnings is the least likely outcome. It is most likely that there will be a negative revenue effect so that even the “best” option is not likely to pay.

4) It is a common strategic management trap to consider the world from the point of view of the organisation rather than that of its customers. The report demonstrates this. SAC management have advocated highly introspective criteria and weightings. Recent accounts have proved that SAC is unmanageable, yet the report advocates one centre, on two sites, which, without changing its own style, the Board and its executive thinks it can manage. Another example of such introspection is that Inglis does not seem to have been considered as a site for the sort of applied research SAC does best. (The equivalent site of Stoneleigh in England provides a precedent of research being done where it is accessible and viable to a large number of customers.)

5) The report does not examine SAC from a public perspective. This is not the time to cut back on Research, Education and Extension if Scottish Agriculture is to be put on a sound basis (see: The State of the Countryside in 2002 p. 18 Countryside Agency 2003). Scottish Agriculture is subsidy dependent, with an annual transfer to the sector of £400 - £500 million, which exceeds aggregate farm income. Massive productivity gains are needed to reduce this dependence. To retain these subsidies in future will be conditional on meeting enhanced food quality, environmental, animal welfare and health and safety standards. SAC’s overriding mission is to improve the productivity of Scottish Agriculture. Where are the performance indicators which reflect this role - general, specific and operational - for all to see, especially farmers, SAC staff and the Scottish Parliament? If such indicators exist are they well known? Is the conflict between a commercial view and a public one recognised?

6) The report assumes that it has covered an exhaustive set of options. In reality and with hindsight it usually transposes that the best options for investment are rarely thought of. The report covers itself by referring to the conventional wisdom of Treasury guidelines for selection but there is no real deep and thorough analysis of the choice of options and especially, as noted above, on how they fit with the purposes of SAC. The report states, for example, that there are too many buildings in SAC and comes up with the proposal to build more, which, incidentally, will take up scarce management time! Is this the only way to reduce overheads? The number of administrative staff is noted but not examined. Economies here, brought about by more delegation, would reduce the assumed requirement for buildings.

7) The options that are considered are compared with the base scenario of the status quo. You can make anything look good by comparing it with something bad enough. The status quo is not sustainable, as shown by the accounts, and so the differences in net cash flow are thus overstated and, given the size of the deficits, greatly overstated. Pursuing this line of logic and using the same criterion the best option is to close down SAC now. You at least end up with some capital! Sadly this is what has happened, in effect, in England and Wales.

8) There are some necessarily vague assumptions on the sale values of assets needed to finance the rationalisation. Finance could be a serious problem if builders bills and asset sales do not coincide both in time and value. Moreover, asset values depend heavily on planning consent. No recognition is made of the likely fact that strategy and consent are not likely to be independent.

9) The report ignores the support by different regional communities for SAC. Does the Board really expect that it will retain the same degree of support when “local”, specialised facilities e.g. lecture theatres and halls of residence, useful to SAC’s purposes (some financed by local benefactors) are cashed at low resale values in order to build similar facilities in Edinburgh?

10) Actions to improve the performance of SAC are very urgent, not five years away when a revamped campus is finished. It is inevitable that if energies are channelled along the lines of this report, then the quality of service and staff will fall, and SAC will cease in a surprisingly short space of time as the spiral of decline accelerates. The Board’s, the industry’s and the Scottish Parliament’s efforts should urgently be concentrated on improving all aspects of performance. The starting point is to develop a set of annual, measurable, performance indicators reflecting its stakeholder needs along with a workable review mechanism and operational system. Indicators such as industry productivity targets to be achieved, numbers of students and types of extension programmes should be set at a general and specific level in addition to commercial criteria. If all concerned know what is expected of them and that funding and jobs are conditional on both commercial and public performance it might not be too late to rescue the organisation.
SUBMISSION FROM ISOBEL GIBSON.

I am writing to the Committee as an ordinary member of SAC teaching staff at Auchincruive, largely involved with delivery of the Countryside Management programme and training development/delivery to the heritage/access management sector for nearly 10 years.

What follows is not a comprehensive list of my concerns, as others are raising many of them on my behalf – more my ‘personal highlights’ that relate to educational or general matters reflecting my experience and knowledge. My key concerns are:

Deloitte & Touche reports & Education
Apart from the flawed assumptions, I have been appalled by the lack of any type of ‘SWOT’ analysis (particularly in relation to educational opportunities – the Report mirrors senior management’s long-standing approach to budget balancing ie a somewhat blinkered focus on cost cutting with no real consideration given to potential income generation). Also the lack of understanding of student needs, motivations and behaviours. These, I believe, have allowed the decision-makers to discount the need for considerable ‘face-to-face’ learning provision delivered locally via 3 centres.

Firstly, let me raise just two examples of where this lack of a ‘SWOT’ approach means that key opportunities have been ignored:

1. Policy drivers such as ‘Lifelong Learning’ and SAC’s own Education & Training Strategy with its promotion of our ‘bridging’ role with FE should lead to increases in demand for places at SAC. Most current SAC recruits from FE and in the ‘Lifelong Learning’ category look for local delivery and the additional support that face-to-face delivery provides......

2. Policy/legislative developments emerging from eg Land and Access Reform, ‘A Forward Strategy for Scottish Agriculture’ and ‘Custodians of the Countryside’ will stimulate a great increase in the demand throughout Scotland for broadly educated rural practitioners – including land managers and countryside, leisure and rural tourism and enterprise managers. I have personal experience in this context with Access changes that have already brought substantial job increases and education/training demand – and the legislation has not yet even been enacted. SAC is uniquely placed in Scotland to meet this demand. Again this demand will be for local delivery, with a substantial face-to-face component.

Secondly, three examples in my own sector highlighting how the flawed understanding of student needs/behaviours has failed to recognise the need for 3 campus, face-to-face delivery:

1. Many of our Countryside Management, and other students, are attracted to SAC because they see the smaller campuses, smaller class sizes and proximity to home as being much better suited to their needs. One of SAC’s major strengths is in terms of being suited to ‘wider access’ and we have a
very high proportion of mature students in many courses and/or students who are tentative about entering HE. We must play to this strength and continue to offer the support our expanding market requires.

2. From my experience as a 1st Year Tutor, I know that most Countryside Management students (as well as many other student groups) come to study at Auchincruive or Craibstone, rather than Edinburgh, specifically because they offer a rural/estate setting i.e it is a key recruiting factor. In addition, having Edinburgh as a contrasting more city-based option for some courses strengthens our recruitment arm.

3. The proposals to relocate students wishing to progress to degree level from Craibstone or Auchincruive to Edinburgh will lead to a serious fall in already low progression rates due to the fact that students will not relocate. I can say this, based on my own direct experience. Currently HND Countryside Management students studying at an Edinburgh-based College have to relocate to Auchincruive if they wish to progress to degree level. Progression has always been a tiny percentage by this route, and indeed has dwindled to nothing over the past 5 years i.e the trend is down from an already very low percentage, and reluctance to relocate is a key factor in this. In the proposed SAC situation it is likely to be further compounded by the fact that our relocations would be perceived to be into a city, rather than out.

Higher education is highly competitive and SAC needs to work to its niche market strengths. **Local**, face-to-face delivery is such a strength.

I may also add that the seeming anti-Education bias (including - when did the 'critical mass' approach so lauded for Research ever get applied to Education with the critical mass clearly at Auchincruive?!) coupled with Rhona Brankin's last comment in her contribution to the Parliamentary debate (Motion S2M-10 on 29 May 2003), mean that many staff believe, for all the protestations to the contrary, there is a move to see the demise of the Education arm of SAC.

**SAC Board**

Many staff are hopeful and supportive of the new SAC Education & Training Strategy incorporating as it does the need for us to focus on our key role as a 'bridging' organisation with the FE sector. However, many of us are questioning what faith we can have in a Board that only a year or two ago gave their same resounding support to the previous, contrasting and now totally discredited Education policy of vigorously pursuing University status.

**Communications**

Due to a long history of lack of senior management understanding of consultation and staff disempowerment, we are now embroiled in a classic round of negative slanging matches, which is divisive and destructive for all. Staff, at all levels, are feeling bowed and bruised - such a waste of talent and commitment. It has also meant, for example, that many of our colleagues have found it hard to 'speak out' against the current proposals for fear of negative comeback.
My sincere hope is that the Executive can do all in its powers to support SAC to build bridges with its staff and get the organisation pulling together for a viable future based on maximising external opportunities, playing to its key strengths including that of education and training and meeting market need by opting for a 3-campus structure sustained by local partnerships.
SUBMISSION FROM DR CHRIS LOWE, SAC VETERINARY CENTRE, BUSH ESTATE.

As an SAC staff member and member of Prospect union I would like to make a personal appeal that the Scottish Parliament's Rural Development Committee endorses the D&T independent report on the future options for SAC.

I strongly believe that:

1. SAC must, for financial security, be allowed to rationalise its infrastructural base.

2. The report recommendations as accepted by the SAC board should not have an adverse impact on the organisation's role and responsibilities anywhere in Scotland.

As a member of staff I believe the public debate that has been conducted through various media organs has been misleading and that within SAC there is considerable support for implementation of DT.
SUBMISSION FROM NUS SCOTLAND

NUS Scotland is a federation of local student organisations in Scotland, comprising over 60 local campus student organisations that are affiliated to the National Union of Students of the United Kingdom (NUS). NUS Scotland is an autonomous, but integral, part of the National Union of Students. The students' associations in membership of NUS Scotland account for 76% of students in higher education in Scotland and over 90% of students in further education in Scotland.

Students' associations affiliated to NUS retain autonomy over all policy areas, and may choose to make individual students' association submissions based on local policy. NUS Scotland operates a democratic forum for policy and debate on national issues affecting students and NUS Scotland's role is to reflect the collective position.

Introduction

NUS Scotland is pleased to submit evidence to the Environment and Rural Development Committee on the subject of the Scottish Agricultural College (SAC). The future of the Scottish Agricultural College, in particular its educational provision, is of vital importance to the success of the agricultural sector in Scotland.

NUS Scotland is greatly concerned at developments at the Scottish Agricultural College, in particular, the lack of consultation with the college's students. We are also concerned about the college Board's preferred option, which will effectively kill the unique educational provision currently provided at Auchincruive and Craibstone, and the inconsiderate attitude of the Board towards student views and its role in providing quality education.

NUS Scotland strongly recommends a full and detailed parliamentary inquiry into the future of the Scottish Agricultural College with a commitment to halting irreversible action until its findings can be published.

The Student Perspective

NUS Scotland believes that including the views and opinions of learners is a practical and logical part of a process that is meant to result in delivering provision that meets the needs of those learners. The views of learners have been recognised by the Scottish Executive as central to tertiary education policy. It is an accepted belief throughout the tertiary education sector that learning should be learner-focused and learner-driven. It is, as it should be, central to Scottish Executive policy.

Student representation during the consultative process

Although some cursory attempt was made during Phase 1 of the Deloitte & Touche report to consult students, Phase 2 included no student representation and the Scottish Agricultural College Board, uniquely amongst Scotland's education institutions, does not include a student representative.

The consultation that did take place was badly planned, being carried out at times in the academic calendar when students are off campus. In addition, student feedback indicates that the questionnaire prepared by the consultants was not clear in its intention. This lack
of coherent consultation has resulted in the impression of students being handed a fait accompli on the issue of their educational provision.

An obligation to listen

The college's current position is that the Board does not have, and sees no need for, a student representative from the student body. However, as the national organisation representing students in Scotland, NUS Scotland would urge all colleges that have a true interest in serving the needs of their students to have this represented in the membership of their board. It is important to note that Orkney and Shetland colleges, neither of whom are incorporated, both have student representatives on their Boards. Student representation is particularly important when changes of the size and scale included in the SAC's proposals are being discussed. The idea that the learner does not require to be consulted is as outmoded as it is condescending. It is astounding that the Scottish Agricultural College does not, and appears unwilling, to have a student representative on the Board and, indeed, did not forge formal links with its student body during such an important review.

NUS Scotland recommends that a full consultative process be carried out with the student body on the future of educational provision at the college, and that all decisions and actions should be halted to allow this to take place.

The Scottish Agricultural College's approach to educational provision

On page 3 of the Deloitte & Touche Report (Phase 2) it is stated that 'SAC's financial and operational difficulties largely relate to its education services and particularly to the number and location of its campuses, which is, therefore, the central focus of this appraisal'. It is positive that the college appeared to want to place educational provision at the heart of its deliberations. However, it is disappointing to see that this has penetrated no further than the statement itself. The option that the Board has decided upon, to re-locate the bulk of educational provision currently being delivered at Auchincruive and Craibstone to Edinburgh, happens to ignore several key points. In particular, the spread of students across the three campuses clearly demonstrates that students wish to study at a rural campus.

The spread of students across the three campuses is as follows:

Distribution of FTE funded students over the three locations

<table>
<thead>
<tr>
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<th>Students</th>
<th>Ed Staff</th>
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<tbody>
<tr>
<td>Auchincruive</td>
<td>53%</td>
<td>52% (60)</td>
</tr>
<tr>
<td>Craibstone</td>
<td>23%</td>
<td>26% (30)</td>
</tr>
<tr>
<td>Kings Buildings</td>
<td>23%</td>
<td>22% (26)</td>
</tr>
</tbody>
</table>

It is clear to see that the majority of students do not study at the Edinburgh campus. NUS Scotland notes the lack of information on Scottish Agricultural College plans for a) attracting students from the West of Scotland and North East of Scotland to Edinburgh; b) providing student support services, accommodation, and the physical environment within

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1 Taken from Page 11 Section 3.3 Phase 2 Deloitte & Touche Report
which to learn; and c) what educational provision will then be available to those who cannot, or do not wish to, study in Edinburgh. NUS Scotland believes that it is wholly unsatisfactory that the college has not addressed these issues in part or in whole.

The majority of Scottish Agricultural College students are drawn from farming families. Many of these students cannot afford to leave the family business for the duration of the college course and commute on a daily/weekly basis allowing them to work part-time at home while studying. This highlights several issues for the college's students:

- Family obligations ie farms that are unable, or will struggle, to cope without the support of family members who are students at the college.
- Student support – many students will be unable to support themselves at college without the accommodation and part-time work available on their home farms.
- Accessibility to learning – students may wish to commute from home, particularly if they have childcare or other caring responsibilities.

The Board has given assurances that students currently at the college will not be adversely affected by the proposed changes. NUS Scotland is concerned about future students of the college. We believe that the college has a duty to consider the educational needs of future, as well as present, students.

NUS Scotland would ask that the Committee pursue these concerns.

**Falling student numbers**

The college has identified that student numbers are falling. This appears to make up part of the argument for relocating and rationalising educational provision at the college. However, NUS Scotland believes that the fall in student numbers must, in some part, be attributable to the educational planning (rated unsatisfactory by HMIE in 2001) and recruitment strategies of the college. For instance, in a question (S1W-2584/5) submitted to the Scottish Executive by John Scott, it was revealed that the student recruitment budget was cut by 20% when student numbers fell by a third in 2001-02 – with student numbers falling the recruitment budget should not be cut. This illustrates once again the inability of the Board to address the issues facing its educational provision.

The fact that the college is outwith the education sector means that it is not part of educational culture or seen as a natural choice for students. The college will not have the same marketing access as those colleges who are in the education sector, and this creates a barrier to students wishing to study in subjects related to agriculture. In addition, the college does not have the level of information and guidance in schools and colleges that those institutions within the sector provide. This narrows student choice and can only undermine the college's attempts at student recruitment.

**The correct approach to educational provision**

Educational provision across the board must be of a high quality and should be driven by the needs of learners. This is certainly the view of the Scottish Executive's Enterprise and Lifelong Learning Department (reflected in the Lifelong Learning strategy) and was the view of the Enterprise and Lifelong Learning Committee in the last Parliament.
The Scottish Agricultural College argues that it is first and foremost a business. NUS Scotland believes that the educational provision of the college is currently at a disadvantage primarily because the college is a private company.

NUS Scotland is concerned that such important and essential educational provision is driven by business objectives rather than learning needs. We believe that this forms a considerable part of the problem that has culminated in the decision to relocate educational provision from Auchincruive and Craibstone to Edinburgh. For instance, the Deloitte & Touche report lists three options that are ordered in strategic benefit order and then in financial benefit order. The option that has been decided upon is the option that came top of the financial benefit order and third on the strategic benefit list2.

NUS Scotland believes that the educational provision currently managed by the Scottish Agricultural College would be much better served if it was brought under the Enterprise and Lifelong Learning Department and its associated agencies.

The main objectives of the Enterprise & Lifelong Learning Department, the Scottish Further Education Funding Council and the Scottish Higher Education Funding Council are more appropriate and applicable than the business orientated objectives of the Scottish Agricultural College. These include monitoring the financial health of the sector, promoting continuous quality improvement and innovation in learning and teaching, offering guidance to colleges, ensuring the quality of higher education, and delivering a fair and accessible educational experience for Scotland’s learners.

NUS Scotland believes that the college’s educational provision, and the students who engage with it, deserves to be a part of, and to benefit from, those objectives. NUS Scotland further believes that a secure and positive future for the educational provision of the college would be best facilitated by being brought under the auspices of the ELLD and therefore the SFEFC and SHEFC. In this way, the excellent provision that can be delivered will be delivered; the students and staff will be able to access the help and support of the funding Councils and the Executive department, and access expertise in lifelong learning that the college in its current guise cannot provide. And, most importantly, the students will be able to trust that their educational experience will not be directed by business objectives and the income that their course generates, and will be managed in sympathy with the principles of lifelong learning.

**Conclusion**

Destroying educational provision on the basis of a business whim, cash flow difficulty, or because the Scottish Agricultural College want to sell land is not a good enough reason for the Board’s current proposal. The damage that the Board will cause to agriculture and rural communities in Scotland if allowed to proceed down their preferred route will be irreparable. The excellence at Auchincruive and Craibstone will be lost, the links with the communities will be severed and once the loss is realised it will be too late to repair.

Submitted by and on behalf of the Scottish Executive Committee.

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2 See pages 485, Phase 2, Deloitte & Touche Report
SUBMISSION FROM THE SCOTTISH LANDOWNERS FEDERATION

SLF recognises the advantages inherent in the integration of advice, research & development and education services currently available to the land based industries through SAC. This structure gives Scotland's land based industries an unrivalled system of information and technology transfer, facilitating both bottom up and top down information flows, while feeding the education and training network and providing direction for near market research.

SLF therefore strongly supports the continued existence of SAC.

Most SLF members are involved either directly or indirectly in agriculture and other land based industries. The Federation and its members are keenly aware of both the structural changes and commodity challenges which have confronted the primary industries (and, therefore, their support services) over the past few years.

SLF recognises that SAC cannot be isolated from major changes which affect its client base and therefore understands that there is likely to be a requirement for restructuring. It is also aware that SAC now derives most of its income from commercially competitive work and is therefore more exposed to the pressures of the marketplace than may be realised by some involved in the debate.

SLF does have concerns about future provisions for training and professional development (as distinct from education) for primary rural industries. While understanding that an increasing amount of this work is now undertaken away from the main campuses, SLF is worried about the effect that the loss of campus based facilities at Crailstone and Auchincruive will have on training. The Federation would encourage the SAC board to ensure that this area is not neglected in their future plans and would support initiatives to provide suitable facilities and personnel using a combination of their existing network and modern technology.

SLF understands that some of the driving force behind SAC's current restructuring proposals stems from the costs of maintaining property which is excess to requirements. Property management forms a large part of the business interests of many SLF members and the Federation is, therefore, conscious of the often hidden costs of property ownership and maintenance.

As a membership organisation representing members from all parts of Scotland, SLF is often subject to membership pressures driven by sectoral or geographic interests. It has, therefore, learnt from experience that while sector or area based arguments can often be very compelling the solutions they offer are often not in the best interests of the organisation or country as a whole.

In summary, SLF is not party to the detail of the Deloitte and Touche report but is able to understand the rationale behind the report's conclusions. In discussion with its members, some of whom have strong views on the future of SAC, SLF has taken the position that it will listen to, and quite possibly support, any arguments for seeking to change the SAC board's decision which are not of a parochial or non-commercial nature.

So far we have not heard any such arguments.
SUBMISSION FROM ABERDEEN CITY COUNCIL

Aberdeen City Council is anxious to ensure that its views are represented during the inquiry into the Scottish Agricultural College’s proposal to centralise the teaching in Edinburgh.

Having studied the Deloitte report and attended presentations from SAC management and the Chairman we have the following points:

1. The estimated value for Craibstone is much higher than the values placed on the other sites, this in turn has a major impact on the financial analysis. Aberdeen City Council was not consulted in relation to the estimates of the value of the Land and Buildings, and therefore does not have a detailed knowledge of the basis of valuation or any anticipated increase in value from future uses.

   At the present time the land is mainly attractive, semi-wooded farmland forming a key part of the landscape setting of the City. As a consequence it is part of Aberdeen’s Green Belt and there is a strong presumption against development, unless the proposed uses accord with Green Belt. The existing buildings are for educational use and any change to this would require planning consent. Any development proposals, which were at odds with Green Belt, would be contrary to the development plan and would have to be subject to plan departure process. There is no guarantee that any alternative commercial use would readily gain planning consent.

   At a public meeting at Thainstone Centre it was stated that this valuation did not take into account the land related to the “Dyce Drive” development (to the north of the A96). The land to the north of the A96 is the only part of the site with an existing development proposal. Even here this proposal is struggling in terms of delivery because of major infrastructure difficulties that must be resolved and the effect that the high cost of this has on the economic viability of the project.

   Strategic issues relating to congestion on the A96 would make intensification of the use at this site very difficult. Any proposals would have to be subject to significant Transport Assessment. After completion in 2010/11 the Western Peripheral Route may relieve some of the problems but there will still be issues at other points on the route. Accordingly any valuation of the current market value of Craibstone must reflect the potential difficulties in not only obtaining planning permissions but also overcoming the infrastructure restrictions (and the potential costs associated with any necessary remedial work).

   The valuations used in the financial analysis are critical to the outcome of the discounted cashflow, which are given such importance in the report, and the relatively high value placed on Craibstone is a major factor in the outcome.

2. Centralisation in Edinburgh runs counter to the Scottish Executive’s policy of jobs dispersal and to locating service providers as close as possible to their customer base,
3. Agriculture and food processing is important to Aberdeen and Aberdeenshire, and the links between SAC and the business community are very important to the vitality of these sectors. The location of the FSA in Aberdeen was partly due to this “critical mass” of business, research and education which included SAC.

Aberdeen City Council would welcome an opportunity to clarify any of the points raised in this letter, or appear before the committee if appropriate.
SUBMISSION FROM COUNCILLOR AUDREY FINDLAY  
CHAIR, ABERDEEN AND ABERDEENSHIRE LOCAL ECONOMIC FORUM

Aberdeen and Aberdeenshire Local Economic Forum (AALEF), a partnership which includes Aberdeen City Council, Aberdeenshire Council and Scottish Enterprise Grampian, is pleased to have this opportunity to make the case for the retention and development of the Craibstone site as the preferred location for S.A.C.’s teaching and research centre of expertise.

AALEF recognises the case for a single principal location for S.A.C. but disagrees with the rationale employed and the resultant outcome which S.A.C.’s Board has recommended.

AALEF has developed an Economic Development Strategy for the area which strongly features education and enlightenment.

The Forum works with stakeholders to unlock value and optimise linkages with complementary assets or objectives and will work with S.A.C. in the future development of Craibstone.

Our case is based on the following factors:

- The high degree of agricultural dependence, diversity and rural dwelling in our area and a workforce (all industries) which earns below national average wages.

- The concentration of key elements of food chain expertise in the area and the importance of maintaining the critical mass of these for the regional and national economy

- The lack of rigour and external testing of the assumptions made by S.A.C.’s Board in their brief to Deloitte and Touche.

- Socio Economic Impacts

Area Dependence
Aberdeenshire represents 8% of Scotland’s territory but accounts for 26% of its arable farmland (172,134 acres) and 14% of the Scottish Agricultural labour force (9544 jobs in 2001).

In 2001, the value of Aberdeenshire’s agricultural production was worth £230 million, or 16% of Scotland’s agricultural output by value.

Aberdeenshire has 6810 agricultural holdings (almost 14% of the Scottish total) and of these, 33% are over 50 hectares, compared to a national average of 28.5%, an indication of large scale commercial farming.
Aberdeenshire has a higher proportion of rural dwellers (defined as people living in communities of under 10,000 people), at 84.7% than Highland (70.6%), Dumfries and Galloway (66.9%) and Borders (71.5%).

Of the 68 wards in Aberdeenshire, agricultural employment dependency exceeds 20% in 4, 15% in a further 11 and 10% in another 5, the highest incidence being 40.4%.

Cattle stocking rates are twice the national average and the area is home to 15% of the beef breeding herd, 24% of feed cattle and 6.5% of dairy cattle accounting overall for 15% of the Scottish herd. Additionally the area supports 6.5% of the national sheep population, 55% of the pig herd and rears 14,000,000 chickens annually.

The area grows over 135,000 tonnes (combined weight) of cereals, potatoes and oil seed rape representing 27% of Scottish production of these crops.

From the foregoing, it is evident that Aberdeenshire has a very high dependence on agriculture for employment, it has a large concentration of arable farmland, has an above average share of many crops and livestock and a large rural population, many of whom live in an Objective 2 area.

The geography of Aberdeenshire means that the area also houses an unrivalled diversity of farm types, from large sea level cereal and livestock units to small hill farms with Less Favoured Area status.

**Food Chain Cluster**
Aberdeen and Aberdeenshire is one of the main food producing regions in Scotland, though both the fishing and agricultural sectors have been subject to significant pressures from reductions in allowable catches and reforms and proposed reforms of the Common Agricultural Policy respectively.

The area is proud to include the following institutions within its research and education infrastructure which have direct relevance to the agriculture and food sectors:

- Scottish Agricultural College
- Rowett Research Institute
- Macaulay Land Use Research Institute
- The Centre for Ecology and Hydrology
- Food Standards Agency (Scottish HQ)
- University of Aberdeen
- The Robert Gordon University
- Marine Laboratory
- Headquarters of Scottish Food and Drink Strategy Group.

The University of Aberdeen offers almost twice as many agriculture based degree courses as Glasgow and Edinburgh Universities combined, reflecting the historically close links between the University in Aberdeen and its hinterland.
The Universities and Colleges Admission Service (U.C.A.S.) identify 224 agriculture-linked courses in Scottish higher educational institutes.

The numbers of courses are summarised in the table below.

<table>
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<tr>
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<tbody>
<tr>
<td>SAC</td>
<td>48</td>
<td>45</td>
</tr>
<tr>
<td>Aberdeen University</td>
<td>48</td>
<td>28</td>
</tr>
<tr>
<td>Edinburgh University</td>
<td>18</td>
<td>1</td>
</tr>
<tr>
<td>Glasgow University</td>
<td>8</td>
<td>0</td>
</tr>
</tbody>
</table>

Environmental Science courses were removed from the lists because they are taught to a wide range of disciplines.

Aberdeen University is the only University in Scotland which offers courses in:

- Soil Science
- Livestock Management
- Animal Nutrition
- Animal Science and
- Equine Science
- Organic Agriculture
- Animal Physiology
- Crop Science

It is one of only two offering courses in Rural Resource Management and one of three offering courses in horticulture.

Edinburgh's single course outwith the Environmental Science umbrella is in Conservation and Aberdeen University offers two courses in this discipline.

Aberdeen University validates one first degree course and four MSc courses for S.A.C.

The Robert Gordon University offers well regarded courses in nutrition, dietetics, catering and hospitality disciplines.

The Rowett Research Institute and Macaulay Land Use Research Institute are both world class establishments.

Rowett researchers have won 2 Nobel prizes.

The partners of AALEF see no merit in separating S.A.C.’s main centre of research and teaching from such a powerful and adjacent cluster of relevant expertise.
Food production is one of the largest sources of employment in Aberdeenshire (around 14%) and whilst primary production outputs were disclosed in the previous section, the area also houses a large concentration of beef and pork product processors, the country’s largest poultry producer, a large number of baked goods and processed foods producers and the UK market leader in dairy ice cream.

These organisations form a diverse but important cluster of firms all faced with the challenge of being remote from the major centres of population which comprise their markets and so united in their need to remain competitive through having efficient and well developed supply chains from source of raw materials to packed and finished product.

The continuing health of these businesses is dependent on the agricultural sector remaining efficient, competitive and adaptable, factors which are dependent on continuing education and skills development for those employed in the industry, a further powerful argument for retaining and developing a strong, local S.A.C presence.

Decision making process
There are fundamental weaknesses in the approach taken by S.A.C. to setting the consultant’s brief and concerns as to the limited amount of information released, which makes independent scrutiny of the DCF projections difficult at best.

Examples of weaknesses in the rationale are:

Criteria and their weightings should have been subject to external scrutiny and validation if they were to be accepted by all stakeholders – they cannot be viewed in that light however and given their influence on the proposed outcome, it is desirable that these are revisited in the manner suggested to provide a more objective view of the important factors to be accounted for in the process of option evaluation.

The presumption that all or parts of the Craibstone and Auchincruive estates can be sold quickly is difficult to justify given the zoning of the land involved.

The presumption that Craibstone is worth in excess of £9m can only be justified in circumstances which we do not believe exist.

Parts of the Craibstone estate could be sold off without the need to close the campus.

If instant access to cash is a key driver for the location decision, the sale of Kings Buildings is the logical and least risk option for the Board of S.A.C. to pursue.

The focus on “research integration” (Deloitte & Touche Report Section 5.5 on page 31) advantages all single site options, but for reasons that are not explained: for example the Auchincruive only option scores 27, Craibstone
only 36, but Edinburgh and Kings Buildings/Bush both score 45, a difficult to comprehend situation for a two site scenario.

Little attention appears to have been given to a small scale re-arrangement of research facilities alongside concentration of teaching on one campus and this has resulted in major capital spends for single site options.

The destination of the assumed proceeds of estate sales is not clear, though the estimated revenues are disclosed.

There is an assumption that a single location in Edinburgh would not require any spend on educational facilities.

There is a presumption that S.A.C. remains responsible for the costs associated with student Halls of Residence despite a significant move towards private ownership and operating of these facilities.

There appear to be ambitious presumptions on the number of students which a single campus would attract and on the continued level of consultancy income. No justification for these presumptions is evident.

Overall, there is a lack of transparency in the assumptions made, a lack of explanation for weightings given to the various criteria and as a consequence the process route taken to the decision is flawed.

It is also disappointing to note that the Board of S.A.C. has ignored the policy of the Scottish Executive to disperse employment in the quasi government sector away from the central belt to points as close as possible to the customer base. With Scotland’s largest arable agricultural hinterland and concentration of livestock, high dependence on agriculture and food production for employment and a large student and farming population, the case for the retention and development of Craibstone is irresistible in terms of area relevance.

**Socio Economic Impacts**

AALEF commissioned MacKay Consultants, an economics consultancy, to investigate the potential impacts of any reduced presence of S.A.C at Craibstone.

A full copy of MacKay’s report can be made available to the Committee – the main conclusions are qualified on the basis that there was a lack of clarity in the assumptions made in the Deloitte & Touche Report.

Based on similar studies undertaken by the consultant and based on a staff reduction of 50 at Craibstone, employment income in the area would fall by £1.5 million, taking account of indirect and induced effects, there would be further job losses of 37.5 f.t.e.s and area output would suffer by £4.375 million, significant blows to a largely rural and low wage economy.
MacKay also estimates a loss to the North East of £1.89 million if 350 full time students were lost from the local economy based on an average spend per student per academic year of £5400, a figure derived from National Union of Student statistics for students staying in halls and in private accommodation.

Taking account of student and employee losses together with direct, indirect and induced effects of these losses, the overall loss to the local economy has been estimated by MacKay at £5.93 million.

AALEF is committed to the preservation and development of all food cluster activities in North East Scotland, particularly those which add value through the quality of their interface with the local stakeholder communities, their ability to add value to the cluster, the regional economy and the rich tradition of learning which is an integral part of the “Town and Gown” community which is Aberdeen and Aberdeenshire.

We strongly support the retention and expansion of Craibstone in what is a supportive community with the strongest agricultural linkage.

We believe that the objective evidence and area relevance confirm the rationale of this position and urge the members of the Environment and Rural Affairs Committee to share our aspirations for the North East to remain at the forefront of food cluster activity and expertise.
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<td>45</td>
</tr>
<tr>
<td>Aberdeen University</td>
<td>48</td>
<td>28</td>
</tr>
<tr>
<td>Edinburgh University</td>
<td>18</td>
<td>1</td>
</tr>
<tr>
<td>Glasgow University</td>
<td>8</td>
<td>0</td>
</tr>
</tbody>
</table>

Environmental Science courses were removed from the lists because they are taught to a wide range of disciplines.

Aberdeen University is the only University in Scotland which offers courses in:

- Soil Science
- Livestock Management
- Animal Nutrition
- Animal Science
- Equine Science
- Organic Agriculture
- Animal Physiology
- Crop Science

It is one of only two offering courses in Rural Resource Management and one of three offering courses in horticulture.

Edinburgh’s single course outwith the Environmental Science umbrella is in Conservation and Aberdeen University offers two courses in this discipline.

Aberdeen University validates one first degree course and four MSc courses for S.A.C.

The Robert Gordon University offers well regarded courses in nutrition, dietetics, catering and hospitality disciplines.

The Rowett Research Institute and Macaulay Land Use Research Institute are both world class establishments.

Rowett researchers have won 2 Nobel prizes.

The partners of AALEF see no merit in separating S.A.C.’s main centre of research and teaching from such a powerful and adjacent cluster of relevant expertise.
Food production is one of the largest sources of employment in Aberdeenshire (around 14%) and whilst primary production outputs were disclosed in the previous section, the area also houses a large concentration of beef and pork product processors, the country's largest poultry producer, a large number of baked goods and processed foods producers and the UK market leader in dairy ice cream.

These organisations form a diverse but important cluster of firms all faced with the challenge of being remote from the major centres of population which comprise their markets and so united in their need to remain competitive through having efficient and well developed supply chains from source of raw materials to packed and finished product.

The continuing health of these businesses is dependent on the agricultural sector remaining efficient, competitive and adaptable, factors which are dependent on continuing education and skills development for those employed in the industry, a further powerful argument for retaining and developing a strong, local S.A.C presence.

Decision making process
There are fundamental weaknesses in the approach taken by S.A.C. to setting the consultant’s brief and concerns as to the limited amount of information released, which makes independent scrutiny of the DCF projections difficult at best.

Examples of weaknesses in the rationale are:

Criteria and their weightings should have been subject to external scrutiny and validation if they were to be accepted by all stakeholders – they cannot be viewed in that light however and given their influence on the proposed outcome, it is desirable that these are revisited in the manner suggested to provide a more objective view of the important factors to be accounted for in the process of option evaluation.

The presumption that all or parts of the Craibstone and Auchincruive estates can be sold quickly is difficult to justify given the zoning of the land involved.

The presumption that Craibstone is worth in excess of £9m can only be justified in circumstances which we do not believe exist.

Parts of the Craibstone estate could be sold off without the need to close the campus.

If instant access to cash is a key driver for the location decision, the sale of Kings Buildings is the logical and least risk option for the Board of S.A.C. to pursue.

The focus on “research integration” (Deloitte & Touche Report Section 5.5 on page 31) advantages all single site options, but for reasons that are not explained: for example the Auchincruive only option scores 27, Craibstone
only 36, but Edinburgh and Kings Buildings/Bush both score 45, a difficult to comprehend situation for a two site scenario.

Little attention appears to have been given to a small scale re-arrangement of research facilities alongside concentration of teaching on one campus and this has resulted in major capital spends for single site options.

The destination of the assumed proceeds of estate sales is not clear, though the estimated revenues are disclosed.

There is an assumption that a single location in Edinburgh would not require any spend on educational facilities.

There is a presumption that S.A.C. remains responsible for the costs associated with student Halls of Residence despite a significant move towards private ownership and operating of these facilities.

There appear to be ambitious presumptions on the number of students which a single campus would attract and on the continued level of consultancy income. No justification for these presumptions is evident.

Overall, there is a lack of transparency in the assumptions made, a lack of explanation for weightings given to the various criteria and as a consequence the process route taken to the decision is flawed.

It is also disappointing to note that the Board of S.A.C. has ignored the policy of the Scottish Executive to disperse employment in the quasi government sector away from the central belt to points as close as possible to the customer base. With Scotland’s largest arable agricultural hinterland and concentration of livestock, high dependence on agriculture and food production for employment and a large student and farming population, the case for the retention and development of Craibstone is irresistible in terms of area relevance.

**Socio Economic Impacts**
AALEF commissioned MacKay Consultants, an economics consultancy, to investigate the potential impacts of any reduced presence of S.A.C at Craibstone.

A full copy of MacKay’s report can be made available to the Committee – the main conclusions are qualified on the basis that there was a lack of clarity in the assumptions made in the Deloitte & Touche Report.

Based on similar studies undertaken by the consultant and based on a staff reduction of 50 at Craibstone, employment income in the area would fall by £1.5 million, taking account of indirect and induced effects, there would be further job losses of 37.5 f.t.e.s and area output would suffer by £4.375 million, significant blows to a largely rural and low wage economy.
MacKay also estimates a loss to the North East of £1.89 million if 350 full time students were lost from the local economy based on an average spend per student per academic year of £5400, a figure derived from National Union of Student statistics for students staying in halls and in private accommodation.

Taking account of student and employee losses together with direct, indirect and induced effects of these losses, the overall loss to the local economy has been estimated by MacKay at £5.93 million.

AALEF is committed to the preservation and development of all food cluster activities in North East Scotland, particularly those which add value through the quality of their interface with the local stakeholder communities, their ability to add value to the cluster, the regional economy and the rich tradition of learning which is an integral part of the “Town and Gown” community which is Aberdeen and Aberdeenshire.

We strongly support the retention and expansion of Craibstone in what is a supportive community with the strongest agricultural linkage.

We believe that the objective evidence and area relevance confirm the rationale of this position and urge the members of the Environment and Rural Affairs Committee to share our aspirations for the North East to remain at the forefront of food cluster activity and expertise.
Dear Professor McKelvey

I am writing to follow up the issues arising from the very useful evidence session that was held on Wednesday 25 June.

The Committee was presented with a great deal of evidence regarding the need for the College to rationalise its operations. The Committee notes the evidence that was presented, and, in particular, notes the evidence of falling student numbers, surplus physical assets and a 25% decline in SEERAD funding. Viewed against this backdrop, the Committee accepts that the status quo is not sustainable, and that action needs to be taken to secure the future viability of the College.

The Committee also notes the great concern expressed by a number of staff, students, and interested external stakeholders regarding the future of the SAC, and the current proposals for rationalisation. The case for the retention of SAC facilities in the regions was eloquently put by the witnesses that the Committee heard from, and members note the strength of feeling that exists on this issue. Members were concerned at the level of unrest that currently exists amongst these groups, and would urge the College management to do all that can be done to alleviate this. The Committee believes that consultation with staff, students and external interests could have been improved, and that a more consultative, accessible and transparent approach would benefit all groups, and greatly assist in moving matters forward. The Committee further believes that it is vital that the SAC clearly articulates its vision of the future and takes steps to involve all relevant groups in taking forward that vision together.

The Committee was concerned to note the level of uncertainty that exists in predicting future student numbers. The Committee was also concerned at the reduced time horizon for forward planning given the move to a two year funding process. While accepting that this uncertainty also exists in relation to other educational institutions, the Committee believes that this uncertainty makes it very
difficult for the SAC to plan ahead, and notes that these predictions are crucial to the current plans for rationalisation. The Committee also notes evidence from the NUS Scotland, which highlights the difficulties which students from the regions may face in transferring to Edinburgh. These difficulties include higher accommodation costs, and potential difficulties in combining full time study with family obligations, such as working on a family farm.

In the light of this evidence, the Committee believes that it will be vital for the SAC to market its educational services effectively and maximise opportunities for student recruitment. The Committee also believes that the SAC must be creative and flexible in its provision of educational facilities. The SAC must do everything possible to encourage not only full-time residential study, but also e-learning, distance learning, and the development of outreach services, (otherwise known as ‘blended learning’). In order to do so, the SAC will need to investigate a number of possible delivery mechanisms for these services, and the Committee was pleased to note that the SAC has been engaged in preliminary discussions with other educational providers. The Committee encourages the SAC to investigate and pursue these opportunities for partnership working as soon as firm decisions on the shape of future services have been reached. The Committee believes that these delivery options should include on campus facilities where this is practicable and cost-effective.

The Committee was also concerned to note the difficulty in obtaining firm figures on the costs of educating students at the SAC. This information would be of assistance in benchmarking the costs of SAC services, particularly as funding levels are now being reduced to a level similar to that of other education institutions. While appreciating the benefits of the SAC’s close working relationship with SEERAD, the Committee is of the view that a closer working relationship with SHEFC would be beneficial, and I will be taking this point up with the Minister. As you will have noted during the evidence session, the Committee also has questions regarding whether a private company is the best vehicle for delivering publicly funded educational services, and I will also be exploring these issues with the Minister.

The Committee also notes that Deloitte and Touche are currently engaged in a Phase 3 study which will consider additional retention of specific educational and research provisions at Craibstone and Auchincruive, and that the results of this study will be put to the Minister in mid-July. I will also be taking up the issue of the socio-economic impact of the rationalisation exercise with the Minister, although it may be that the retention of ‘significant residual activities’ in these regions will assist in reducing this impact. The Committee also notes that the SAC intends to retain research on a local basis. The Committee welcomes this clarification of the SAC’s intentions, and welcomes the retention of local research such as crop trials, the upland farming unit and research on local climate areas. The Committee also welcomes the retention of advisory and veterinary services on a local basis, as it believes that these services play a key role in the agricultural sector right across Scotland.
I should be grateful if you could keep me informed of future progress on these proposals, and let me know if the timeframe for submitting the Phase 3 study result to Scottish Ministers changes in any significant way.

Yours sincerely

Sarah Boyack MSP
Convener
Environment and Rural Development Committee
Dear Ross

As you may be aware, the Committee recently held an evidence session on the future of the Scottish Agricultural College (SAC). At this meeting, the Committee heard from representatives of the SAC Board and the consultants employed by them, along with staff, students and representatives of the wider communities affected by the current rationalisation proposals.

I have written to the Chief Executive of the SAC following this meeting, and I enclose a copy of this letter for your information. As you can see, the Committee accepts that the status quo is not sustainable, and that action needs to be taken to secure the future viability of the College. However, the Committee expressed a number of concerns regarding the consultation process undertaken by the SAC, the predictions for future student numbers, and the means by which SAC might deliver its services in future. The Committee was also concerned at the reduced time horizon for forward planning given the move to a two year funding process. Naturally the Committee would welcome any comments you may wish to offer on these matters.

The Committee was struck by the unique position of the SAC, which is the only body not funded through the funding councils. The Committee notes that this position, along with the funding differential, may well have caused tensions in the past, but that, in the view of the SAC, a level playing field may provide new opportunities for partnership with other educational providers.

The Committee has encouraged the SAC to vigorously pursue these partnership opportunities. Such a partnership approach has the potential to widen the access of students to agricultural learning, as well as allowing for a wider range of courses to be offered. The Committee believes that this will enable students to gain wider environmental land management skills, as well as core agri-business skills. These skills are likely to be increasingly important following the CAP Mid Term Review and the enactment of the Land Reform Act.
However, the Committee also has more fundamental questions regarding whether a private company is the best vehicle for delivering publicly funded educational services. While noting that this is simply the structure arising from the merger of the three previous colleges in the 1990’s, the Committee believes that there is a need to consider whether, in terms of education and research, money could be better spent within another model.

As set out in the letter to the SAC, the Committee was also concerned to note the difficulty in obtaining firm figures on the costs of educating students at the SAC. This information would be of assistance in benchmarking the costs of SAC services, particularly as funding levels are now reducing to a level similar to that of other education institutions. While appreciating the benefits of the SAC’s close working relationship with SEERAD, the Committee is of the view that a closer working relationship with SHEFC would be beneficial. The Committee would be grateful if you could take steps to ensure closer relations between the SHEFC and the relevant SEERAD officials.

The Committee is aware that following the debate on the SAC’s proposals, you wrote to the SAC, requesting that they give further consideration to the wider impacts of the proposals on local communities. While the Committee has not seen this correspondence, I note that Deloitte and Touche are currently engaged in a Phase 3 study, considering additional retention of specific educational and research provisions at Craibstone and Auchincruive. I understand that the results of this study will be put to Scottish Ministers in mid-July.

In assessing these proposals, the Committee would urge you to consider the available evidence of the socio-economic impact of this rationalisation exercise on the associated communities in Ayrshire and Aberdeenshire. While noting that the retention of ‘significant residual activities’ in these regions may assist in reducing the impact, the Committee believes that any decision on the future of the SAC must take the wider socio-economic implications into account. This is particularly important given the level of funding which the SAC receives from the Scottish Executive.

As noted in the letter to the SAC, the Committee welcomes the commitments made by the SAC to retain frontline advisory and veterinary services in the regions, along with a number of research services. Members believe that these services play a key role in the agricultural sector right across Scotland.

I should be grateful if you could keep me informed of future progress on these proposals, and let me know the timeframe for making decisions on the rationalisation proposals once the Phase 3 study result have been submitted to you.
Yours sincerely

Sarah Boyack MSP
Convener
Dear Ms Boyack

Thank you for your letter of 7 July summarising the views of the Environment and Rural Development Committee on the evidence provided on Wednesday 25 June.

I am pleased to note that the Committee concurs with the view of the SAC Board that the status quo is not sustainable, and that therefore action requires to be taken on the future viability of the organisation. We do accept of course that our proposals have caused some considerable concern amongst a number of staff, students and interested external stakeholders; given the geography of our organisation that is unfortunately inevitable.

However, I do accept your comment that consultation could have been improved; I am sure that consultation can always be improved in similar circumstances, but given the complexity of our organisation and the very broad range of stakeholders, I do not believe that additional consultation would have significantly allayed a number of concerns, given the degree of rationalisation which is going to be necessary. Nevertheless, I am pleased to confirm that we have opened up a new dialogue with stakeholders in the Aberdeen and Ayrshire areas, and their comments are being considered by Deloitte & Touche in the drafting of the Phase III Report.

In particular, the concerns of a number of students with regard to combining full-time study with family obligations, is an issue which we are attempting to address in the Phase III Report. We are only likely to properly address these issues through partnership working with other organisations on a widespread geographical basis and, as you say in your comments, we can only properly pursue those opportunities once firm decisions on the shape of future SAC services have been reached. It is therefore important that we come to a conclusion on this process as soon as possible. We do fully concur with the Committee’s views on encouragement of residential study and distance learning, and already have a number of centres around the country developing this strategy.

SAC also concurs with your view that a closer working relationship with SHEFC would be beneficial for the SAC Education portfolio, given that we are the “odd man out” in the tertiary education sector in Scotland in terms of funding routes. I do have concerns, however, with regard to your comments about “whether a private company is the best vehicle for delivering publicly funded educational services”. In essence, SAC is no different to any other HE or FE provider in Scotland; they are all in essence not-for-profit organisations, all of charitable status, and all operate according to similar governance procedures. SAC Directors have no equity interest; all operating margins are gifted to the
SAC Foundation. The main difference is that SAC is funded through a different funding department. It is also interesting that SHEFC themselves wish to see the university sector move more into the SAC model of combining Research and Education functions with a strong commercial consultancy function.

Finally, I welcome your comments with regard to the retention of local research and local Advisory and Veterinary Services across Scotland. These are core to our forward strategy.

I also confirm that the timeframe for submitting the Phase III study to the Minister is as set out in my evidence, i.e. it will be presented in mid-July.

I will of course keep you updated on any significant new developments.

Yours sincerely

Professor W A C McKelvey
*Chief Executive and Principal*