

**Education and Families Committee****27 April 2015****School Term Dates, Occasional Holiday Dates and In-service Dates  
for 2016/17, 2017/18 and 2018/19****CS-12-15-F****Report Presented by Director of Children's Services****Children's Services****1.0 Summary**

- 1.1 The purpose of the report is to ask Education and Families Committee to agree the proposed term dates, occasional holidays and in-service training dates for the years 2016/17, 2017/18 and 2018/19.

**2.0 Decision Required**

- 2.1 That the Education and Families Committee consider the content of this report while reviewing the proposed dates for 2016/17, 2017/18 and 2018/19, and RESOLVE to
- a) agree the proposed dates, attached as Appendix A, or to
  - b) agree the proposed term dates and in-service dates, but amend the occasional holidays, in order that individual schools can decide one date to take as an occasional holiday.

**3.0 Detail**

- 3.1 To assist the efficient operation of schools in Shetland, school term dates must be agreed timeously.
- 3.2 To compile these dates a small working group consisting of four Head Teachers, a Quality Improvement Officer and an Executive Manager was set up.
- 3.3 In previous years four of the five occasional holiday dates were set centrally, with one remaining for schools to set at a date suitable to themselves. Many schools used this fifth date to take the public holiday after the Lerwick Up Helly Aa.
- 3.4 As part of discussions the Group considered comments following the dates set in previous years. These being:

- The costs incurred when opening schools on a public holiday, most notably Easter Monday;
- The tensions arising between Council set public holidays and those that some schools would prefer;
- For faith reasons, some families wish to take Easter Monday as a holiday
- The fact that some schools do not wish to take the Wednesday after the Lerwick Up Helly Aa as a holiday, and would rather have the holiday at a time which suits them better, often to fit in with their local Up Helly Aa.

### 3.5 ***Easter Monday***

The Council's Single Status Agreement and Annual Leave and Public Holidays policy sets out the conditions that apply to staff that have to work at any time on a Public Holiday. The Council recognises six public holidays across the year including Easter Monday. If schools are open on Easter Monday for either an Occasional Holiday or an In-Service, Children's Services incurs additional salary costs. For 2014, this cost was £39,468. It is therefore proposed that Easter Monday in future is always taken as a holiday, and the proposed set of Term Dates, Occasional Holiday Dates and In-Service dates for 2016/17, 2017/18 and 2018/19 at Appendix A reflect this. This will be ensured as follows:

- If Easter falls within the planned Spring Break holidays, then no further change is required to the pattern of holidays and In-Service dates for that part of the school year;
- If Easter Monday falls outwith the planned Spring Break holidays, then a day will be taken from the long weekend in May to provide a stand-alone holiday for Easter Monday;
- The current In-Service day held the first day back after the Spring Holidays will be moved to a day in January at the end of the Christmas Break.

### 3.6 ***Day After the Lerwick Up-Helly-Aa***

The day after the Lerwick Up Helly Aa is also one of the six recognised Shetland Islands Council public holidays, but it is not set currently as a school occasional holiday. In the current scheme of Term Dates, Occasional Holiday Dates and In-Service dates, one occasional holiday date is left floating, and it is up to individual schools to decide which date to take. Many of our schools, but not all, choose to take the day after the Lerwick Up Helly Aa as their floating day.

In 2015 19 schools were closed on that day and 12 were open. Again as a result of terms of the Single Status Agreement if schools are open on that day, additional salary costs are incurred. The cost of our schools being open on that day in 2015 was £6,411. In addition, at that time of year, it should be noted that as it is a Shetland Islands Council public holiday, that there is no routine road gritting service available for travel to school.

Therefore, as a result of the additional costs incurred with leaving an occasional holiday as a floating day, Children's Services recommends

that this day is now also set. This would be the day after the Lerwick Up-Helly-Aa, a Shetland Islands Council public holiday.

However it should be noted that there is opposition from some of our schools to this proposal. This is mostly from schools outwith the central areas of Shetland. The key points made are that setting this particular day:

- Reflects further, the centralisation of services and does not leave any scope to take account of the preference of rural communities;
- There is no flexibility left for schools to account for their own local Up Helly Aa.

In order to properly account for these concerns, the decision required in this report at 2.1 gives Committee the option to leave this last occasional holiday as a floating day, noting that in doing so there are financial implications for Children's Services.

## **4.0 Implications**

### Strategic

- 4.1 Delivery On Corporate Priorities – This report has no explicit link to the Corporate Plan priorities, but will help to create a culture where individual learners can strive to reach their full potential.
- 4.2 Community /Stakeholder Issues – Consultation with customers and other stakeholders is on-going as an integral part of each aspect of service delivery.
- 4.3 Policy And/Or Delegated Authority – This report is related to the function of an education authority. In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, the Education and Families Committee has responsibility and delegated authority for decision making on matters within its remit which includes school education. The requirement for all education authorities to ensure that schools under their management are open for at least 190 days (excluding Saturdays and Sundays) in each school year is set out in the Schools General (Scotland) Regulations 1975 (as amended). Using these Regulations as the basis for determining term dates and holidays, authority to determine schemes for school term dates is delegated to the Education and Families Committee.
- 4.4 Risk Management – Customer risk as schools and parents / carers need these dates to be agreed so that schools can plan for the school year, and parents / carers can plan for any holidays they make take.
- 4.5 Equalities, Health And Human Rights – None
- 4.6 Environmental – None

## Resources

- 4.7 Financial – Opening a school on a public holiday incurs additional cost in staff overtime. The cost to Children's Services of all schools being open on Easter Monday 2014 was £39,468, and the cost of 12 schools being open on the day after the Lerwick Up-Helly-Aa in 2015 was £6,411.

If any schools remain open on a Shetland Islands Council public holiday the additional salary costs will have to be met from existing Children's Services budgets.

- 4.8 Legal – None

- 4.9 Human Resources – The impact of closing schools to match the Council's Public Holidays will lead to the loss of enhanced pay for the non teaching staff who will no longer be required to work on a Public Holiday. This will however, reduce the need for schools to find cover for employees swapping the public holiday payment for an equal amount of time off at a later date.

- 4.10 Assets And Property – None

## **5.0 Conclusions**

- 5.1 It is requested that the Education and Families Committee consider the report and either:
- a) agree the proposed dates, attached as Appendix A, or
  - b) agree the proposed term dates and in-service dates, but amend the occasional holidays, in order that individual schools can decide one date to take as an occasional holiday.

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*Report finalised: 16 April 2014*

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## List of Appendices

Appendix A: School Term Dates, Occasional Holiday Dates and In-Service Dates

## Background documents:

None

END

**SCHOOL TERM DATES, OCCASIONAL HOLIDAY DATES & IN-SERVICE DATES****TERM DATES FOR SESSION 2016-2017**

Term 1	Monday 15 August – Friday 07 October	40 days
<i>October holidays</i>	Monday 10 October – Friday 21 October	10 days
Term 2	Monday 24 October – Thursday 22 December	44days
<i>Christmas holidays</i>	Friday 23 December – Thursday 5 January 2017	10 days
Term 3	Friday 6 January – Friday 31 March	61 days
<i>Spring holidays</i>	Monday 03 April – Friday 14 April <b>(Spring Holiday Dates include Good Friday but not Easter Monday)</b>	10 days
Term 4	Monday 17 April – Friday 30 June	55 days

<b>Occasional Holiday Dates for Session 2016 - 2017</b>	<b>In-service Dates for Session 2016 - 2017</b>
Wednesday 01 February 2017	Monday 15 August 2016
Friday 24 February 2017	Tuesday 16 August 2016
Monday 27 February 2017	Monday 24 October 2016
Monday 17 April 2017	Tuesday 25 October 2016
Monday 29 May 2017	Friday 06 January 2017

**TERM DATES FOR SESSION 2017-2018**

Term 1	Monday 14 August – Friday 6 October	40 days
<i>October holidays</i>	Monday 09 October – Friday 20 October	10 days
Term 2	Monday 23 October – Friday 22 December	45 days
<i>Christmas holidays</i>	Monday 25 December - Friday 05 January 2018	10 days
Term 3	Monday 08 January – Friday 30 March	60 days
<i>Spring holidays</i>	Monday 02 April – Friday 13 April <b>(Spring Holidays include Easter Monday but not Good Friday)</b>	10 days
Term 4	Monday 16 April – Friday 29 June	55 days

## Appendix A

Occasional Holiday Dates for Session 2017 - 2018	In-service Dates for Session 2017 - 2018
Wednesday 31 January 2018	Monday 14 August 2017
Friday 23 February 2018	Tuesday 15 August 2017
Monday 26 February 2018	Monday 23 October 2017
Friday 25 May 2018	Tuesday 24 October 2017
Monday 28 May 2018	Monday 08 January 2018

### TERM DATES FOR SESSION 2018-2019

Term 1	Monday 20 August – Friday 12 October	40 days
<i>October holidays</i>	Monday 15 October – Friday 26 October	10 days
Term 2	Monday 29 October – Friday 21 December	40 days
<i>Christmas holidays</i>	Monday 24 December - Friday 04 January 2019	10 days
Term 3	Monday 07 January – Friday 29 March	60 days
<i>Spring holidays</i>	Monday 01 April – Friday 12 April <b>(Spring Holidays do not include Good Friday or Easter Monday)</b>	10 days
Term 4	Monday 15 April – Friday 05 July	60 days

Occasional Holiday Dates for Session 2018 - 2019	In-service Dates for Session 2018 - 2019
Wednesday 30 January 2019	Monday 20 August 2018
Friday 22 February 2019	Tuesday 21 August 2018
Monday 25 February 2019	Monday 29 October 2018
Monday 22 April 2019	Tuesday 30 October 2018
Monday 27 May 2019	Monday 07 January 2019

**Education and Families Committee****27 April 2015**

<b>Application for Financial Assistance – Open Peer Education Project</b>	
<b>CS-08-15-F</b>	
<b>Report Presented by: Director – Children’s Services</b>	<b>Children’s Services</b>

**1.0 Summary**

- 1.1 The purpose of this report is to consider a request for grant assistance from Voluntary Action Shetland (VAS) towards its Open Peer Education Project (PEP).
- 1.2 Children’s Services undertook to fund this group for a short period of time to enable VAS to pursue funding from external sources.

**2.0 Decision Required**

- 2.1 That the Education and Families Committee RESOLVES:
  - 2.1.1 to award a grant of up to £12,000 to Voluntary Action Shetland to assist with the costs of delivering its Peer Education service during financial year 2015/16, which will comply with the principles of the “Following the Public Pound Code” and be subject to the standard Council grant conditions for voluntary organisations and any additional conditions that may be required.
  - 2.1.2 to not provide match funding beyond 2015/16, to ensure the continuation of the project. However, this would not exclude small grant payments for specific purposes.

**3.0 Detail**

- 3.1 The Open Peer Education Project (PEP) originally started up in April 2011 working under the umbrella of the former Shetland Youth Information Service (SYIS) after SYIS secured a 5 year grant award from The Robertson Trust. In the first year of operation (2011/12) match funding was provided by Cashback for Communities and Shetland Charitable Trust.
- 3.2 In 2012/13 The Robertson Trust funding was matched by Shetland Charitable Trust. However in March 2013 Shetland Charitable Trust turned

down a funding request from SYIS for financial year 2013/14, which led to the subsequent closure of SYIS shortly afterwards.

- 3.3 Following closure of SYIS the future of PEP became very uncertain and staff at PEP approached VAS to seek help. VAS agreed to take PEP under its umbrella and approached its core funders, The Robertson Trust and Shetland Charitable Trust, to explore continued funding.
- 3.4 In May 2013 Shetland Charitable Trust awarded VAS a “one-off” grant to help secure The Robertson Trust funding. The Robertson Trust also agreed to transfer the remainder of its 5-year award to VAS, subject to it securing continued match funding going forward.
- 3.5 In April 2014 VAS contacted Council officers to advise that no match funding had been secured for 2014/15 and requested that the Council consider a funding request for the PEP. Following a period of dialogue between VAS staff and Council officers, it was agreed to consider a one off funding application from VAS for its PEP service. If successful, this would provide VAS with more time to identify and apply for alternative external funding sources to continue the PEP service. As the funding request from VAS did not meet the criteria of existing Council grant aid schemes, it required to be considered by the Council’s Education and Families Committee.
- 3.6 At a meeting of the Council’s Education and Families Committee on 1 July 2014 a report entitled “Application for Financial Assistance – Open Peer Education Project” was considered and approved (Min Ref: 19/14). This report approved a grant of up to £12,000 towards the costs of operating a Peer Education Service in 2014/15.
- 3.7 In November 2014, VAS informed Council officers that it had not been successful in finding alternative funding for the PEP service and advised that The Robertson Trust were seeking local match funding to secure its grant for financial year 2015/16. The Robertson Trust funding is due to expire in June 2016. VAS also requested that the Council consider a further grant application to continue the PEP service in 2015/16.
- 3.8 Following a number of meetings between Council officers and VAS staff, it was agreed that the Council would consider a further funding request from VAS for its PEP service. However VAS has also been informed that no further applications for financial assistance will be considered for this service.
- 3.9 An application for funding has been received from VAS proposing the following funding package:

Total cost of service (2015/16)		£32,915
<u>Source</u>	<u>Secured</u>	<u>Amount</u>
The Robertson Trust	Yes	£12,000
Cashback for Communities	Yes	£4,500
STV Appeal	Yes	£2,000
SIC Social Work	Yes	£750
Voluntary Action Shetland	Yes	<u>£1,665</u>
Total funding secured to date		£20,915
Funding requested from SIC		£12,000



- 3.10 The purpose of the PEP service is to recruit and train young adults aged between 16-25 years to become Peer Educators. Once fully trained, the Peer Educators deliver workshops to young people aged 12-25 years on a range of subjects including drug and alcohol awareness, sexual health, mental health and other sensitive issues. Workshops generally take place in secondary schools, Bridges, Club XL, college and youth clubs.
- 3.11 In financial year 2014/15, the PEP service delivered the following outputs:
- 5 new volunteer Peer Educators were recruited and trained;
  - 6 secondary schools attended by Peer Education service;
  - 85 Peer Education sessions delivered;
  - 813 young people involved at Peer Education sessions (S3+);
  - Peer Education sessions delivered on topics including mental health issues, drug and alcohol use, sexual health, relationships, online safety and child protection.
- 3.12 In 2015/16, the PEP proposes to deliver the following:
- To recruit and train 10 young adults to become Peer Educators;
  - To deliver 20 awareness raising workshops reaching at least 200 young adults by providing workshops in every school with 3rd year and above pupils;
  - To develop strategic and partnership working to become an integrated part of health and well being within youth and education services.

## 4.0 Implications

### Strategic

- 4.1 Delivery on Corporate Priorities – This report contributes to Shetland's Single Outcome Agreement under "Shetland is the best place for children and young people to grow up" and also helps to deliver Shetland's Youth Strategy. Specifically the report contributes towards empowerment, ensuring young people are provided with the tools necessary to become confident individuals for the future.
- 4.2 Community /Stakeholder Issues – The PEP service works with the Council's Schools and Youth Services and other local agencies to ensure that children and young people are informed about issues that may affect them.
- 4.3 Policy and/or Delegated Authority – In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, all matters relating to children and families come under the remit of the Education and Families Committee. There are no existing Council grant schemes for this request for funding. Accordingly this matter requires a decision by the Council's Education and Families Committee.
- 4.4 Risk Management – There is a risk that if the PEP grant request is not supported it could lose its match funding and the service could potentially close. If this were to happen there is also a risk that the Council's relationship with Voluntary Action Shetland and PEP service users could be negatively affected.

4.5 Equalities, Health and Human Rights – None.

4.6 Environmental – None.

#### Resources

4.7 Financial – This grant request from Voluntary Action Shetland will be met from 2015/16 Children's Services Directorate approved budgets.

It is proposed that no further requests for funding, to ensure the project continues, will be considered by the Council for this service. Therefore VAS will be required to seek funding from alternative sources in financial year 2016/17 and beyond to continue the PEP service.

4.8 Legal – A grant award to Voluntary Action Shetland will require a formal agreement setting out the Council's standard grant conditions for voluntary organisations and any additional conditions that may be required. Children's Services will obtain the necessary legal advice on the content of the formal agreement.

4.9 Human Resources – None.

4.10 Assets and Property – None.

## **5.0 Conclusions**

5.1 The PEP service has operated in Shetland for a number of years. It has recruited a number of young Peer Educators and delivered awareness raising sessions in schools and youth settings throughout Shetland.

5.2 It has been noted that to date VAS has been unsuccessful in its attempts to secure match funding for the PEP service. However in the current financial climate, the Council's Children's Services Directorate cannot incorporate this grant as a recurring cost and therefore is looking for VAS to find alternative external funding source(s) going forward. A further year's funding in 2015/16 will provide VAS with additional time to achieve source the funding required to continue the service.

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*Report Finalised: 17 April 2015*

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List of Appendices - none

Background Documents - none

**Education and Families Committee****27 April 2014****Developing Scotland's Young Workforce - Shetland****CS-09-15-F****Report by : Director of Children's Services****Children's Services****1.0 Summary**

- 1.1 This report provides information about Developing Scotland's Young Workforce recommendations. The report Education Working For All! - Commission for Developing Scotland's Young Workforce Final Report describes how the Directorate is going to deliver the 39 recommendations across the coming years. The full report can be found at <http://www.gov.scot/Resource/0045/00451746.pdf> , and the Executive Summary is attached as Appendix 1.

**2.0 Decisions Required**

- 2.1 That the Education and Families Committee RESOLVE that authority is delegated to the Director of Children's Services to oversee a local implementation plan and effective allocation of funding from the Scottish Government to deliver the 39 recommendations.

**3.0 Detail**

- 3.1 The Commission for Developing Scotland's Young Workforce produced a report in June 2014 with 39 recommendations aimed at changing the way young people are helped into training, further, higher education and employment.
- 3.2 On 15 December 2014 the Scottish Government published a 7 year Youth Employment Strategy based on taking forward the Developing Scotland's Young Workforce recommendations which included a joint Scottish Government / Local Government implementation plan. An initial £12million has been made available in 2014-15 and a further £16.6million in the 2015-16 draft Scottish Government budget to assist implementation.

- 3.3 The Committee is invited to review and discuss the contents of the report and make any suggestions for amendment or further update.
- 3.4 A number of strategic groups will be involved in developing the recommendations locally. A steering group will be established to oversee all the 39 recommendations. The steering group will be a multi agency group who will have direct involvement in the implementation plan. Progress on the implementation will be reported quarterly as part of the PPMF.

## 4.0 Implications

### Strategic

- 4.1 Delivery On Corporate Priorities: Supporting young people into sustained employment is the most effective and long-term solution to reducing poverty and social exclusion, which is a key outcome in Shetland's Single Outcome Agreement. Reducing inequalities and ensuring Shetland's more vulnerable people and households are provided with support is a key priority in the Council's Corporate Plan. Employability is a key area for action at this time.
- 4.2 Community / Stakeholder Issues: If done effectively, providing the right support at the right time to support individuals into education, training or employment will assist those young people to increase their confidence, and improve their quality of life. Shetland will also have a locally skilled workforce which will be matched with employers needs.
- 4.3 Policy and/or Delegated Authority – In accordance with Section 2.3.1 of the Council's Scheme of Administration and Delegations, all matters relating to education and lifelong learning come under the remit of the Education and Families Committee.
- 4.4 Risk Management: This report and delegated authority, seeks to maximise opportunities for Shetland to react quickly, to the funding available. Also having a clear lead means that the implementation plan will be centrally controlled and monitored.
- 4.5 Equalities, Health and Human Rights: delivering an implementation plan for the Developing Scotland's Young Workforce, assists the Council in meeting its responsibilities for equalities, health improvement and human rights. Creating a community where we enable all individuals to fulfil their potential.
- 4.6 Environmental – NONE

### Resources

- 4.7 Financial – On 3 March 2015, the Scottish Government notified Shetland Islands Council that we would receive £51,823 funding to

support the early implementation of the Developing the Young Workforce – Scotland's Youth Employment Strategy. This funding is not ring-fenced and was received as part of our Revenue Support Grant in March 2015 with local authorities being given the flexibility as to how and when they spend it. This was built into Children's Services carry forward from 2014/15 as 100%, and therefore should be accessible for financial year 2015/16 as part of Children's Services budget.

The 2015/16 SIC General Fund budget was set using a sustainable draw on reserves, therefore the local implementation plan should be met from within the Children's Services 2015/16 approved budget, and only if it is demonstrated that this cannot be achieved should a draw from reserves be considered in order to meet any funding shortfall for this project.

4.8 Legal – NONE

4.9 Human Resources - As employers Shetland Islands Council must engage with education and recruit more young people. The Council's approach to recruitment and workforce development should enable that to take place.

4.10 Assets and Property – NONE

## 5.0 Conclusions

### Conclusions

5.1 This report provides information on Developing Scotland's Young Workforce and the various strategic groups involved to meet the national recommendations. The vision is that by providing young people with learning which is directly relevant to getting a job, individuals will benefit and the economy will improve through increased youth employment locally.

5.2 It also sets out the current situation with regard to the funding for Developing Scotland's Young Workforce and how we intend to progress the recommendations. The report therefore proposes that authority is delegated to the Director of Children's Services with responsibility for various recommendations being shared within strategic groups already operating; as well as forming a multi agency steering group to act as an advisory group to oversee the actions. The Director, along with staff, have a good understanding of the operational issues and will gather local and national intelligence to assist with the implementation of the recommendations locally.

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*Report Finalised: 20 April 2015*

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## Appendices

### Appendix 1 – Executive Summary

## Links to background documents

Education Working For All!  
Commission for Developing Scotland's Young Workforce Final Report  
<http://www.gov.scot/Resource/0045/00451746.pdf>

## EXECUTIVE SUMMARY

The Commission for Developing Scotland's Young Workforce was set up in January 2013 to consider :

- How a high quality intermediate vocational education and training system, which complements our world-class higher education system, can be developed to enhance sustainable economic growth with a skilled workforce.
- How to achieve better connectivity and co-operation between education and the world of work to ensure young people at all levels of education understand the expectations of employers, and that employers are properly engaged.
- How to achieve a culture of real partnership between employers and education, where employers view themselves as co-investors and co-designers rather than simply customers.

## BACKGROUND

Youth unemployment levels are currently 18.8%<sup>1</sup>, more than double that of the average working age population. The reality of this statistic is that almost one in five young people in Scotland wake up in the morning wondering if their country needs them.

It is important that all young people in Scotland are provided with the opportunities to develop and use the skills and abilities necessary to become an active part of the labour force and to maximise the benefits to them and their contribution to economic growth.

More than 50 per cent of our young people don't go to university and, of these, very few leave school with vocational qualifications with labour market currency. The majority have had limited access or exposure to the world of work with only 27%<sup>2</sup> of employers offering work experience. For school pupils this is generally limited to one week in S4.

We are simply not preparing or equipping these young people for the world of work. There must be much more focus on providing them with the skills, qualifications and vocational pathways that will lead directly to employment opportunities.

It is also clear that employers have lost the habit of employing young people. Only 29 percent of employers recruit young people from education<sup>3</sup> and only 13% of employers take on apprentices<sup>4</sup>. Business and industry must be encouraged to work together with education and young people, and vice versa, to establish pro-active and engaged relationships which will benefit both young people and employers.

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<sup>1</sup> Source; Labour Force Survey Jan-Mar 2014, ONS

<sup>2</sup> Source: Employer Perspectives Survey 2012. UKCES

<sup>3</sup> Source: Employer Skills Survey 2013, UKCES

<sup>4</sup> Source: Employer Perspectives Survey 2012. UKCES

The Commission has met more than 400 people across Scotland<sup>5</sup> – leaders of schools, colleges, local government, business and industry and young people. The dialogue has been extremely helpful, frank and open in our examination of the current approach to school and college education, Modern Apprenticeships and employers' involvement in education and employment of young people and how this can be improved for the benefit of the young people and our economy.

We have developed a wide ranging set of recommendations across the six main areas of our remit, with the aim of increasing youth employment levels in Scotland to match those of the better of our European competitors. These cover:-

### **Better preparing school leavers for the world of work**

- Beginning well before the start of the senior phase<sup>6</sup> and right through to S6, young people should be exposed to a wide range of career options. This can only be achieved by schools and employers systematically working together in meaningful partnership to expose young people to the opportunities available across the modern economy. To support this a comprehensive standard should be developed for careers guidance which would include involvement of employers and their role and input.
- As they move into the senior phase, young people of all abilities should have the opportunity to follow industry relevant vocational pathways alongside academic studies. Thus we proposed new school-college vocational partnerships with the potential for young people to do qualifications such as National Certificates and Higher National Certificates as well as options to do the first year of a 3-4 year apprenticeship while still at school. It is also vital that we introduce a 21st century approach to high quality work experience that provides pupils with a meaningful and productive exposure to the world of work.

### **College education focused on employment and progression in learning**

- Moving beyond school, we must ensure that young people at college pursue studies with an expectation of that they will lead successfully to employment in the prevailing labour market. The newly formed regional colleges, through more focused and ambitious outcome agreements, and working closely with industry, should ensure that a college education provides skills and qualifications relevant to the market requirements and in particular the new challenges of the modern technology orientated economy.

### **Modern Apprenticeships focused on higher level skills and industry needs**

- Modern Apprenticeships should be developed in those industry sectors of the economy where young people have the best chance of building a long term career. Alongside this, the number of high level Modern Apprenticeships, level 3 and above, should be expanded significantly to support Scotland's medium

<sup>5</sup> List available at

<http://www.scotland.gov.uk/Topics/Education/edandtrainingforyoungple/commissiondevelopingscotlandsyoungworkforce>

<sup>6</sup> The senior phase takes place from S4 to S6 in schools and includes ages 16 to 18 out of school.



term economic growth. Industry must be to the fore of the future development of Modern Apprenticeships in Scotland.

### **More employers engaging with education and recruiting more young people**

- Employers have a huge amount to gain from improving young people's workplace experience and knowledge of career options. The Review clearly identifies the many advantages for employers from much closer partnership working with schools and colleges in the development of the key assets for their future success. The Review makes a number of proposals in how employers can become much more involved to the benefit of themselves and the education system, principally through the proposed Invest In Youth Regional Groups.
- The majority of employers are not recruiting young people. Urgent and sustained action is required to counter this. It's proposed this is tackled again through the Invest In Youth Regional Groups with a range of initiatives to encourage employers to overcome the real and perceived barriers to employing young people.

### **Advancing Equalities**

- As part of our review, we have looked at the challenges in advancing equalities within Scottish education and youth employment. We have particularly looked at gender, ethnicity, disability and care leavers. There are clearly no quick fixes in these areas, but we have made some recommendations focused on practical steps which we believe will make a difference in the medium to long term. This requires action and clear targets to address existing under representation and segregation within vocational education and looking at this in the development of senior phase vocational pathways could help improve equality outcomes in the workplace in the medium term.

### **Successful Implementation – success targets**

The Commission believes with the appropriate level of support from government, education and employers, and with sustained mainstream investment in the changes proposed, Scotland should achieve:

- All 363 secondary schools in a long term partnership with employers within 3 years.
- The quality of work experience and career guidance to be significantly enhanced – all school pupils to receive work experience and career guidance in line with Recommendations 2 and 3 by 2020.
- An additional 5,000 Modern Apprenticeship places at level 3 and above by 2020 with potential for further growth beyond that.
- 60% of school leavers not attaining Highers to leave school with meaningful industry relevant vocational qualifications by 2020.

- Our unemployment rate to reduce to the average youth unemployment rate of the 5 best performing European countries by 2020. At current rates and population size, this should take youth unemployment down by around 30,000.

Our Recommendations are as follows –

## **EDUCATION & TRAINING**

### **SCHOOLS**

#### **Senior Phase Vocational Pathways**

**Recommendation 1:** Pathways should start in the senior phase which lead to the delivery of industry recognised vocational qualifications alongside academic qualifications. These pathways should be developed and delivered in partnership with colleges and, where necessary, other training providers. Their delivery should be explicitly measured and published alongside other school performance indicators.

#### **Preparing Young People For The World Of Work**

**Recommendation 2:** A focus on preparing all young people for employment should form a core element of the implementation of Curriculum for Excellence with appropriate resource dedicated to achieve this. In particular local authorities, Skills Development Scotland and employer representative organisations should work together to develop a more comprehensive standard for careers guidance which would reflect the involvement of employers and their role and input.

**Recommendation 3:** A modern standard should be established for the acceptable content and quality of work experience, and guidelines should be made available to employers. This should be developed by Education Scotland in partnership with employer bodies and Skills Development Scotland. This should involve input from young people. Work experience should feature in the Senior Phase Benchmarking Tool and in Education Scotland school inspections.

### **COLLEGES**

#### **Regional Outcome Agreements**

**Recommendation 4:** Colleges' key role in the development of Scotland's young workforce should be recognised and managed through Regional Outcome Agreements.

#### **Focus On Employment**

**Recommendation 5:** The new regional colleges should have a primary focus on employment outcomes and supporting local economic development. This should be underpinned by meaningful and wide ranging partnerships with industry and should be at the forefront of Regional Outcome Agreements and their measurement.

## SCHOOLS AND COLLEGES WORKING IN PARTNERSHIP

**Recommendation 6:** A commitment to supporting the development of Scotland's young workforce through the enhancement of vocational education pathways should feature prominently in the National Performance Framework, Community Plans and College Regional Outcome Agreements.

## MODERN APPRENTICESHIPS

### Alignment with Economic Growth

**Recommendation 7:** Modern Apprenticeships should be aligned with the skills required to support economic growth.

### Access and Higher Level Opportunities

**Recommendation 8:** Development of Modern Apprenticeship access processes and progression pathways should be prioritised.

### Quality Improvement

**Recommendation 9:** An industry-led quality improvement regime should be introduced to oversee the development and promotion of Modern Apprenticeships.

### Growth

**Recommendation 10:** If employers can be encouraged to offer significantly more good quality apprenticeships, the Scottish Government should consider a carefully managed expansion of the annual number of Modern Apprenticeship starts.

## QUALITY ASSURANCE

**Recommendation 11:** Employability must be a key focus within Education Scotland's work to support and quality assure the delivery of education. To support this, Education Scotland must work more closely with business organisations and their members to ensure that their work is underpinned by an understanding of industry's needs and expectations.

## SCIENCE, TECHNOLOGY, ENGINEERING AND MATHS

**Recommendation 12:** A focus on STEM should sit at the heart of the development of Scotland's Young Workforce.

## MORE CHOICES MORE CHANCES

**Recommendation 13:** Support for young people at risk of disengaging from education and for those who have already done so should focus on early intervention and wide ranging, sustained support. This should relate to labour market demand and should be focused on helping young people engage on the labour market relevant pathways that we have highlighted.

## **INVOLVEMENT OF EMPLOYERS**

### **Regional Invest in Youth Groups**

**Recommendation 14:** The Scottish Government should support the creation of regional industry-led Invest in Youth groups across Scotland to provide leadership and a single point of contact and support to facilitate engagement between employers and education.

### **Business and Industry Partnerships with Schools**

**Recommendation 15:** Businesses across Scotland should be encouraged and supported to enter into 3-5 year partnerships with secondary schools. Every secondary school in Scotland and its feeder primaries should be supported by at least one business in a long-term partnership.

**Recommendation 16:** Scotland's leading industry sector groups and companies should be encouraged to work with the Scottish College for Educational Leadership to develop a programme to provide emerging school staff leaders with a wide ranging understanding of industry and careers.

### **Business and Industry Partnerships with Colleges**

**Recommendation 17:** Employers and national industry sector groups should form partnerships with regional colleges to ensure course content is industry relevant and full advantage is taken of work based learning and employment opportunities.

### **Industry Led Skills Planning**

**Recommendation 18:** In the development of future industry Skills Investment Plans and Regional Skills Assessments, and in the updating of existing plans, there should be a specific focus on youth employment and the development of vocational pathways starting in the senior phase.

### **Recognising Good Practice – Invest in Youth Accolade**

**Recommendation 19:** A nationally defined Invest in Youth Accolade should be developed to recognise industry's engagement in the development and employment of Scotland's young workforce.

### **Additional Support for Businesses Recruiting and Training Modern Apprentices**

**Recommendation 20:** A small business Modern Apprenticeship recruitment incentive package should be developed to equip and support smaller and micro businesses to recruit and train more young people.

**Recommendation 21:** Voluntary levy schemes to recruit and train young people in skills shortage areas should be encouraged. Groups of employers should be supported to work in collaboration, with the Scottish Government providing co-funding.

## Incentivising and Supporting More Employers to Recruit More Young People

**Recommendation 22:** Procurement and supply chain policies in both the public and private sectors should be applied to encourage more employers to support the development of Scotland's young workforce.

**Recommendation 23:** Public sector employers should be encouraged by the Scottish Government and local authorities to be exemplars in a national Invest In Youth Policy and this should be explicitly reflected in their published corporate plans.

**Recommendation 24:** Growth businesses and Inward Investment companies in receipt of public funding should be encouraged and supported to employ young people.

**Recommendation 25:** Financial recruitment incentives should be re-examined and carefully targeted to achieve the most benefit in providing sustainable employment for young people.

## ADVANCING EQUALITIES

### Cross Cutting Equality Issues

**Recommendation 26:** Scotland should embed equality education across Curriculum for Excellence.

**Recommendation 27:** Promotion and communication of career options should actively target equalities groups to promote diverse participation across gender, Black & Minority Ethnic groups, young people with disabilities and care leavers. The promotion of Modern Apprenticeship opportunities should be to the fore of this activity.

### Gender

**Recommendation 28:** Senior phase vocational pathways should be designed to encourage more gender balance across occupations.

**Recommendation 29:** The Scottish Funding Council and colleges should develop an action plan to address gender disparities within college education. This should be underpinned by realistic but stretching improvement targets. The Scottish Funding Council should report on this annually.

**Recommendation 30:** Skills Development Scotland should develop an action plan to address gender disparities within Modern Apprenticeships. This should be underpinned by realistic but stretching improvement targets. SDS should report on this annually.

### Young People From Black and Minority Ethnic Groups

**Recommendation 31:** A targeted campaign to promote the full range of Modern Apprenticeships to young people and parents from the BME community should be

developed and launched to present the benefits of work based learning as a respected career option and alternative to university.

**Recommendation 32:** SDS should set a realistic but stretching improvement target to increase the number of young people from BME groups starting Modern Apprenticeships. Progress against this should be reported on annually.

## Young Disabled People

**Recommendation 33:** Career advice and work experience for young disabled people who are still at school should be prioritised and tailored to help them realise their potential and focus positively on what they can do to achieve their career aspirations.

**Recommendation 34:** Funding levels to colleges and MA training providers should be reviewed and adjusted to reflect the cost of providing additional support to young disabled people, and age restrictions should be relaxed for those whose transition may take longer.

**Recommendation 35:** Within Modern Apprenticeships, SDS should set a realistic but stretching improvement target to increase the number of young disabled people. Progress against this should be reported on annually.

**Recommendation 36:** Employers who want to employ a young disabled person should be encouraged and supported to do so.

## Care Leavers

**Recommendation 37:** Educational and employment transition planning for young people in care should start early with sustained support from public and third sector bodies and 15 employers available throughout their journey toward and into employment as is deemed necessary.

**Recommendation 38:** Across vocational education and training, age restrictions should be relaxed for those care leavers whose transition takes longer.

**Recommendation 39:** In partnership with the third sector, the Scottish Government should consider developing a programme which offers supported employment opportunities lasting up to a year for care leavers.

A set of supporting documents including the Commission's Interim Report, Statistical Analysis and an Equality Impact Assessment is available at:

<http://www.scotland.gov.uk/Topics/Education/edandtrainingforyoungple/commissiondevelopingscotlandyoungworkforce>



<b>Environment and Transport Committee</b>	<b>22 April 2015</b>
<b>Education and Families Committee</b>	<b>27 April 2015</b>
<b>Social Services Committee</b>	<b>30 April 2015</b>
<b>Policy and Resources Committee</b>	<b>04 May 2015</b>
<b>Shetland Islands Council</b>	<b>27 May 2015</b>

## **Review of Transport for Children with Additional Support Needs and also Social Care Service Users**

**Report No: TP-07-15-F**

**Report Presented by:**  
**Director of Development Services**  
**Director of Children's Services**  
**Director of Community Health & Social Care**

**Development Services Department**  
**Children's Services Department**  
**Community Health & Social Care Department**

### **1. Summary**

- 1.1. In the summer of 2014, the Council commissioned the consultancy Eforensics to undertake a detailed Review of Transport for Children with Additional Support Needs (ASN) and Social Care Service Users.
- 1.2. The Review comprised of five elements:
  - a) A Stocktake of the current resources available, services delivered and the operating context including demographic and legislative changes;
  - b) Consideration of Eligibility to Travel Assistance, as assessed by Social Care and Schools Services' professional staff and Accessibility of actual travel solutions;
  - c) Development of a new Assisted Travel Policy which outlines the process wherewith to commission services to meet the assessed

travel needs. NB: Commissioning may now be either by the Council or Individual Service Users under Self-Directed Support (SDS) arrangements;

- d) An examination of current management arrangements across the Council for commissioning travel and make suitable recommendations for any improvements;
- e) Consideration of a Communications Plan wherewith to explain any changes to services recommended in the Review.

- 1.3. This report gives a summary of the key findings of the work undertaken and makes recommendations as to how improve the current arrangements.
- 1.4. This report sets out the detail of the review and the conclusions reached.

## **2. Decision Required**

- 2.1. That the Environment and Transport Committee, the Education and Families Committee, the Social Services Committee and the Policy and Resources Committee RECOMMEND that the Council **RESOLVES** to:
  - 2.1.1. Note that no service withdrawal is planned for current service users as a result of this report;
  - 2.1.2. Note that the key recommendations are not designed to deny services to potential service users but to ensure that a disciplined, equitable and consistent approach is taken to offering travel assistance and to avoid duplication of publically funded travel assistance;
  - 2.1.3. Note that a key underpinning recommendation is that the Council and health partners is to actively promote independence rather than dependence;
  - 2.1.4. Note that there are no operational cost implications arising from the proposals within the Consultancy Report, which seeks to achieve modest savings over time, by reducing the Council's reliance on the private sector and increasing the use of the Community Transport sector;
  - 2.1.5. Approve the new Assisted to Travel Policy (contained in Appendix 5 of the consultant's report attached as Appendix One to this report) under which service professionals assess eligibility to travel assistance and Transport Planning puts into place a cost effective transport solution.



### 3. Detail

- 3.1. The full consultancy report is attached as Appendix One to this covering report.
- 3.2. As the fully detailed report is at Appendix One, paragraphs 3.3 to 3.9 below simply list the recommendations of the Review<sup>1</sup>:
- 3.3. The creation of a new subjective ledger code that differentiates between “Staff Travel” and “Staff Travel with a Service User”. Finance colleagues suggest the creation of a client travel cost subjective code, which would leave all staff travel within normal travel codes. If staff are travelling and incurring costs to meet client needs they would also code their cost to the client subjective code as this would form part of the package which met needs.
- 3.4. The award of some ASN or SC routes to the Third Sector using VAS as a clearing house for booking; this could usefully start with some consistent and high costs journeys on a “proof of concept” pilot basis. Target saving based on re-patriating 20% of routes set at £10,000 pa.
- 3.5. In a similar vein to the recommendation above, it is recommended that some of the most expensive current contracted taxi routes be considered for re-allocation to the Third Sector. The six runs alone cost the Council c£200,000 pa; given the lower cost base of the Third Sector and the lack of profit motivation, savings should be realisable to the Council.
- 3.6. The individual costs of all travel arrangements as well as the monthly budget monitoring for Transport Planning should be shared with Service professionals.
- 3.7. Develop a Business Case to replace older Blue Bus and fill vacancies in order to avoid service disruption and/or curtailment.
- 3.8. All current ad-hoc arrangements should be tested against the new Assisted Travel Policy and amended if they are non-compliant. In addition as part of the Care Package bi-annual reviews, the travel assistance should be reviewed at least annually for ongoing appropriateness and need.
- 3.9. Training and suitable resources should be identified so as to allow Transport Planning to more fully optimise the Flexi-Route™ software for scheduling and proactive information sharing.

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<sup>1</sup> NB: Recommendations have been tested with management and professional staff and agreed as practical and practicable.

## 4. Implications

### Strategic

- 4.1 Delivery on Corporate Priorities - Reliable and affordable external transport links are essential to the economic and social wellbeing of Shetland. In addition, the report's recommendations are consistent with the Corporate Plan goal of developing the Community Transport Sector on the Islands.
- 4.2 Community /Stakeholder Issues - No detrimental issues are anticipated.
- 4.3 Policy and/or Delegated Authority - The Committees have delegated responsibility for the functional and service areas within their remit and within Council policy. The Policy and Resources Committee has referred authority to advise the Council in the development of its policies. Approval of new policy is a matter reserved to the Council.
- 4.4 Risk Management - This set of recommendations reflects, and seeks to mitigate, a series of risks which are articulated throughout the main consultancy report at Appendix One.
- 4.5 Equalities, Health and Human Rights - There are no negative Rights or Equalities implications involved in the implementation of this report.
- 4.6 Environmental - None, indeed the replacement of the older bus should reduce emissions and hence lead to carbon reduction.

### Resources

- 4.7 Financial - All operational cost implications will be achieved within existing budgets.

It is anticipated that modest savings could accrue over time as moves take place towards reducing the Council's reliance on the private sector and increasing use of the Community Transport Sector<sup>2</sup>.

- 4.8 Legal - The recommendations are cognisant of a wide range of legislative requirements including, for example, the significant issues of Self Directed Support legislation which came into force in April 2014.

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<sup>2</sup> Corporate Plan 2014 commitment to develop a Community Transport Sector.

4.9 Human Resources - No additional or changed Human Resources are required.

4.10 Assets and Property - The report has no Property implications but does recommend the replacement of a Blue Bus on a like-for-like basis.

## 5.0 Conclusions

5.1 The conclusion of the Review can be summarised as follows; the service is being delivered well but access to transportation is not being consistently awarded and transport arrangements cannot be demonstrably shown as best value. In addition, it has been timely to take stock and assess demand; this is likely to rise with major service re-provision in education and social care facilities as well as demographic challenges of an ageing population which also has increasing wheelchair dependence.

5.2 The report's recommendations align to Governmental initiatives of creating independence rather than dependence.

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For further information please contact:  
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*Date Cleared: 16 April 2015*

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## List of Appendices

Appendix 1 – Detailed Consultancy Review Report

END





Shetland Islands Council

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***REVIEW OF TRANSPORT FOR CHILDREN WITH  
ADDITIONAL SUPPORT NEEDS (ASN) AND  
ADULT SOCIAL CARE (SC) SERVICE USERS***

***September 2014***

**Providing vital services for children and adults and the transport services we all need.**

**We must continue to provide the essential services that people in Shetland really need. We will have to change how we do some things to make services more efficient and to make sure we can continue to provide them in the long term, but we will do that with people, not to them.**

**Shetland Islands Council: Corporate Plan 2014**

# REVIEW OF ASN & SC TRANSPORT

## Document Control

Owner	SGR
Issue and Date	2 July 2014

## Version Control

Issue	Author	Date	Details of Change
0.1	SGR	2 July 2014	Initial draft
0.2	SGR	4 July 2014	Further data re: budgets
0.3	SGR	7/7/14	Work on Draft Policy for Accessibility
0.4	SGR	8/7/14	Further input
0.5	SGR	11/7/14	Refining and broadening
0.6	SGR	15/7/14	As above plus more Finance data
0.7	SGR	16/7/14	As above
0.8	SGR	17/7/14	Input from 16/7/14 Workshop
0.9	SGR	18/7/14	Vehicle data
0.10	SGR/EAP	21/7/14	Refining & Peer Review for QA
0.11	SGR/EAP	24/7/14	Ideas and QA
0.12	SGR	11/8/14	Refinement
0.13	SGR	15/8/14	Refining & adding code of practice
0.14	SGR	27/8/14	Workshop on draft report.
0.15/0.16	SGR	1/9/14	Final week refining
0.17	SGR	3/9/14	Hazel Tait comments
0.18	SGR	4&5/9/14	C Horrix, C Russell & C Scott comments
0.19	SGR	11/9/14	SGR adding Taxi data
0.21	SGR	7/1/15	Director Revisions
0.22	SGR	30/3/15	Members' Seminar Revisions

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2. Eligibility & Accessibility Issues
3. Communications
4. Recommendations

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2. STEEPLE: Contextual Analysis
3. Risks and Issues
4. Interdependencies and Future-proofing
5. Draft Assisted Travel Policy
6. Code of Practice – Children with Additional Support Needs
7. Annual ASN Re-application Form

# REVIEW OF ASN & SC TRANSPORT

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## **EXECUTIVE SUMMARY**

### **Purpose of the Review:**

The Review considered the effectiveness, efficiency and value for money of the Council's travel arrangements for children with Additional Support Needs<sup>3</sup> and Social Care Service Users who had been assessed as eligible to receive assistance with Travel. Recommendations have been made to improve the service and make savings; also Risks have been flagged as and when relevant and these are summarised in an Appendix.

For clarity, whilst the Review specifically excluded detailed consideration of mainstream home to school transport, as this is regulated by statute, its inter-dependencies were recognised and given due regard.

### **Review Approach:**

The Review comprised of five elements:

1. A Stock take of the current resources available, services delivered and the operating context including demographic and legislative changes;
2. Consideration of Eligibility to Travel Assistance, as assessed by Social Care and Schools Services' professional staff and Accessibility of actual travel solutions;
3. Development of a new Assisted Travel Policy which outlines the process wherewith to commission services to meet the assessed travel needs.  
NB: Commissioning may now be either by the Council or Individual Service Users under Self-Directed Support (SDS) arrangements;  
(All new or revised Policies shall be approved by Elected Members)
4. An examination of current management arrangements across the Council for commissioning travel and make suitable recommendations for any improvements;
5. Consideration of a Communications Plan wherewith to explain any changes to services recommended in the Review.

The Project's wide-ranging nature is reflected in the breadth of people contacted during the process; the names are listed at Appendix One.

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<sup>3</sup> Additional Support Needs – terminology introduced in the Education (Additional Support for Learning) (Scotland) Act 2004



# REVIEW OF ASN & SC TRANSPORT

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The complex nature of this subject is also reflected in the necessary depth of a STEEPLE Contextual Analysis that is attached as Appendix Two.

Appendix Four shows some of the key inter-dependencies and challenges in designing these services both now and into the future.

## **Overview of Current Service**

The Council's current Transport arrangements for Children with Additional Support Needs and Adult Social Care Service Users are delivered using private contractors, taxis, five Council owned (and operated) buses, Council Escorts on public buses and officers using their own vehicles (aka Grey Fleet).

The major perceived omissions in the nature of this service profile are:

- No planned and structural utilisation of the Third Sector, and hence over-exposure to private sector pricing in a buoyant economy;
- No corporate adherence to and promotion of, "Self-Travel as the default-position" and thus
- A service built around Transport, not Travel and the creation of dependence not independence.

It is not possible to definitively quantify the current total spend by the Council on ASN and SC Transport as some elements are not coded overtly in the ledger to transport codes. As an indication, the total revenue spend is in the order of £600,000 pa and, whilst this includes a revenue charge of £50,000 for depreciation, there is currently no capital budget for replacement vehicles.

## **Key Findings:**

1. As alluded to above, the recording and accounting treatment of Transport for these groups of Service Users is such that the total spend in this area of activity cannot currently be assessed with absolute certainty. The following are some of the reasons for this:
  - Staff travel with Service Users: there is presently no delineation in the ledger between "Staff Travel" with or without a Service User;
  - Taxi utilisation is coded elsewhere in the ledger and not reported/managed coherently as a single transport budget; and
  - Grants to Third Parties do not always identify any element relating to transport.

## REVIEW OF ASN & SC TRANSPORT

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2. Notwithstanding the foregoing, the visible element of the revenue budget for these services is in the order of £600k; which has fallen from £743k in 2011/12. This is a 20% reduction overall and a further target reduction of almost 12% (or £70,000) is sought in 2014/15.
3. Further reduction in this budget does not appear sustainable in the face of increasing demand and scarce current resources. Any curtailment must be managed carefully so as to avoid diluting the availability and quality of the service provided. Finally, it should be noted that the impending demographic factors that may actually necessitate an increase in investment in future years.
4. In addition, the current budgetary control regime creates a mismatch insofar as the professional instigating a need for transport, e.g. a Care Manager/Co-ordinator, does not always see the budgetary consequences of their action as Transport Planning predominantly holds the budget. This anomaly requires to be addressed in order to:
  - aid accountability and to remind commissioners that transport is not free; and
  - allow appropriate costings, based on total costs, for transport to be developed under the SDS regime.
5. Appendix Four shows some major dependencies that should be strategically considered in future transport planning, these include:
  - a major service re-design of adult care services and the re-provision of the Eric Gray Resource Centre is likely to increase the demand for transport and not reduce it, paragraph 1.10 refers; and
  - the new Anderson High School and this may provide new challenges for transport.
6. A number of risks have been identified during the Review; these are highlighted at the relevant paragraph and summarised at Appendix Three.
7. There is a need to re-establish and assert the following principles:
  - The default position of the Council is that Service Users will self-travel;
  - Independence not dependence is being promoted; and
  - There is no automatic transition from a young person accessing travel support to the adult automatically being able to access travel support – a fresh assessment will be needed.

## REVIEW OF ASN & SC TRANSPORT

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### **Potential Savings:**

As the Review progressed, a number of potential savings initiatives have been identified and these are noted below:

1. Reducing reliance on Private Contractors - £10,000
2. Releasing surplus vehicles: £2- 6,000 depending on number released
3. Re-arranging most expensive current contracted journeys; value to be assessed.

### **Cost Pressures:**

As part of future years budgeting, the following issues that may give rise to future year budget pressures should be noted:

- Anticipated 20% increase in the number of children with Additional Support Needs in the medium term;
- In the order of 45 potential Service Users who are not currently accessing services, as noted in the Eric Gray Re-provisioning Committee Report in July 2014;
- Re-provisioning schemes with transport and travel implications including Eric Gray Centre, Anderson High School and Viewforth. The implications here may be as simple as avoiding future revenue costs by designing access, egress and parking arrangements which are suitable for larger vehicles from the outset and thus avoiding a scenario when only smaller vehicles such as taxis can transport Service Users to the facilities; and
- In the absence of allocated capital, revenue resources may be required to lease vehicles when existing fleet items reach the end of their useful lives.

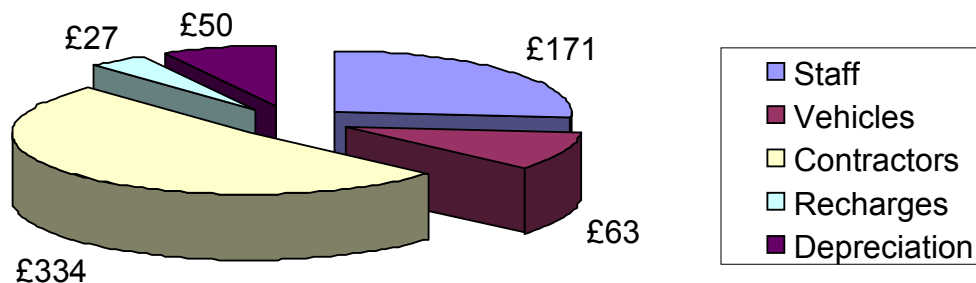
# REVIEW OF ASN & SC TRANSPORT

## 1. STOCKTAKE

### Finance

- 1.1 The gross visible revenue budget for Transport for Children with Additional Support Needs (ASN) and Social Care Service Users in 2014/15 is £645,000. An annual grant is received from the Charitable Trust of £50,000 to reflect the charitable nature of some of the journeys undertaken by the Transport Service. Depreciation is charged at £50,000 on the assets though no capital has been earmarked for replacement of buses. **Risk.**
- 1.2 The budget noted above is described as “visible” insofar as some elements of cost are not coded to these budget headings. Examples of hidden costs include:
- Elements of any grants to Third Sector groups that include an element of transport provision;
  - Costs for Staff travel where Service Users are transported; and
  - Taxi fares for Adult Social Service Users.
- 1.3 The gross budget is split as per the diagram below:

**Budget 2014/15: £k**



This diagram illustrates that the single largest cost element; £334,000, or 52% of the gross budget, is spent with external contractors, a position seemingly at odds with a Council policy of delivering services using internal resources wherever possible.

## REVIEW OF ASN & SC TRANSPORT

- 1.4 In order to explain this apparent anomaly, it is important to consider the trends in expenditure. The undernoted table shows the actual net outturn position for 2011/12, 2012/13 and 2013/14 as well as the budget for 2014/15:

	2011/12	2012/13	2013/14	2014/15
Total ASN & SC Transport spending	£743,117	£708,354	£670,367	£596,061
Overall reduction 2011-2015				-19.8% £147,056
Contractor spending	£452,371	£434,513	£390,745	£334,027
Contractor spend reduction 2011-15				-26.2% £118,344

- 1.5 The reliance on the independent sector represents a risk for the Council as the Island's economy is currently buoyant with almost full employment. This fact may lead private contractors to increase prices charged to the Council to levels that the oil and gas industry is willing to pay. **Risk.**
- 1.6 An approach to mitigate this risk is to increase usage of the Third Sector and thus support the emerging community transport sector in Shetland. If adopted savings could ensue. If a 10% net profit margin is assumed within the £334k spent with private contractors, then ceasing all use of such contractors could yield savings of £33,400. As part of the Action Planning following this report, these assumptions should be tested and definitive savings targets established.
- 1.7 In the short term, a wholesale transfer to the Third Sector is unrealistic as the Community Transport sector is insufficiently resourced/developed to deliver these services. As a target, a 20% reduction in private contractor use could be applied and this could save c£7,000. This however would not be the only saving as volunteer drivers would reduce the cost-base of the Community Transport sector delivering services; realistically **a £10,000 saving** could be targeted from simply switching 20% of journeys to the Third Sector from independent contractors.
- 1.8 In terms of Service Users, the service currently provides transport services for 24 children with ASN and 50 Social Care Service Users (at August 2014). Using a very broad brush approach, the budget spend per users is c£8,000 pa (including Depreciation); this appears high and individual journey outliers should be challenged to assess whether more cost-effective solutions could be found.

## REVIEW OF ASN & SC TRANSPORT

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- 1.9 This level of expenditure suggests that innovative schemes, such as the following may prove to be more cost-effective and hence best value:

- paying “buddies” to teach individuals to self-travel; or
- providing families with a vehicle for their private use.

Such innovation is however currently hampered by the disconnection between the decision makers and the budget-holders with a consequent dilution in accountability. **Risk**

- 1.10 The user numbers mentioned above however may mask hidden demand; a recent Committee report on re-provisioning the Eric Gray Resource Centre<sup>4</sup>, notes that the “Council knows of 45 people with learning disabilities who presently do not access day services”. Similarly, there is a forecast growth of 20% relating to adult wheelchair users arising from children transitioning into adult social care. **Risk.**

- 1.11 In considering the current travel contracts, especially in the light of underused Third Sector capacity, the following journeys were noted as exceptionally expensive and it is recommended that consideration be given to replacing commercial with Third Sector arrangements:

- Contract example one: £180 per day including Escort
- Contract example two: £179.99 per day including Escort
- Contract example three: £141.29 per day including Escort
- Contract example four: £124.97 per day including Escort
- Contract example five: £184.57 per day including Escort
- Contract example six: £137.29 per day including Escort.

These journeys alone cost £948.11 per day or just under £200,000 pa if travel is accessed on 200 days.

- 1.12 In addition to the budget controlled by Transport Planning referenced at paragraph 1.1, the budget and outturns for Community Care controlled Transport for 2012/13 as managed elsewhere within Social Care were as overleaf:

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<sup>4</sup> Report approved by Council 3 July to re-provide the EGRC with a new build option; target 2017 completion.

## REVIEW OF ASN & SC TRANSPORT

Type-code	Description	Budget	Outturn	Variance
1470	Travel Costs: Taxis, Ferries & Flights	£47,192	£55,338	-£8,146
1484	Transport Contractor (largely Meals on Wheels)	£130,980	£116,427	£14,553
1486	Transport and Contracted Services	£2,380	£8,035	-£5,655

1.13 Analysing the costs of transport in the preceding paragraphs has shown a lack of overall cohesion in managing the Council's overall Transport service. One team in the Council is planning transport of Social Care Service Users whilst another, the transport of their food.

1.14 On a related issue, a visit to Montfield House showed that the most difficult transport problem faced was not related to Service User travel, due to a sensible self-travel default approach but to a heavy dependence on Taing House for meals and thus daily food-runs. These runs were undertaken by a Handy-person Monday to Friday but were difficult out of hours and at weekends often necessitating taxi reliance, a more costly option.

*Montfield House, helpfully, has a default policy that Service Users will make their own way to the facility.*

**Risk.**

### Vehicles

1.15 In addition to the independent contractor vehicles mentioned above, the Council owns and operates five buses – “the blue buses”. These buses are aged as follows: 1x 53 plate (2003), 2 x 59 (2009) and 2 x 60 (2010) plate buses (pictured). They are all manufactured by Optare™ and are low floor buses designed to maximise accessibility. Whilst depreciation of c£50,000 per annum is charged against the revenue budget, there are no capital funds earmarked to replace these buses.



**Risk.**

## REVIEW OF ASN & SC TRANSPORT

### 1.16 More specific data on these buses:

<u>Reg. Number</u>	<u>Owned/Leased</u>	<u>Registered (Date)</u>	<u>Purchase Date</u>	<u>Purchase Price (GBV)</u>	<u>Current Mileage (km)</u>	<u>13/14 Maint. Cost</u>
SV53HMA	Owned	31-Oct-03	06-Jun-06	£55,000	207,640	£7,173
YJ59NNE	Owned	01-Dec-09	16-Nov-09	£96,700	61,253	£1,848
YJ59NNF	Owned	01-Dec-09	10-Dec-09	£99,200	52,048	£8,403
YJ60KFY	Owned	01-Sep-10	27-Aug-10	£97,885	10,437 *	£2,701
YJ60KFZ	Owned	01-Sep-10	27-Aug-10	£97,885	77,391 *	£1,676

(\* = It is recommended that the routes for these vehicles are swapped to equalize mileages and hopefully reduce maintenance costs and maintain residual values)

- 1.17 Insurance: The direct cost of buying insurance for Council vehicles was £86.96 per vehicle in 2013/14. This is for Third Party Only cover only and it should be noted that the excess on this cover is £28,000. Any costs for damage/injury to third parties will have to be paid from the Council's insurance fund. In the same way as costs of third party claims up to £28,000, any cost of damage to Council vehicle is paid for from its own insurance fund. The total cost of damage to Council vehicles for 2012/2013 was approximately £44,000 (working out at c£1,300 per vehicle). Third Party costs for 2012/13 came in at around £3,450.
- 1.18 Blue Bus staffing: the Council employs five Drivers and three Escorts for the Blue Buses. There are currently vacancies for a Driver and an Escort and failure to fill these vacancies will impact on service delivery especially when schools return. **Risk.**
- 1.19 The Blue Bus service is scheduled and overseen by Transport Planning; it is also registered under S19 of the Transport Act 1985 which allows not-for-profit organisations such as Councils and charities to charge fares for bus travel on a non-profit basis. This also gives the Council access to Bus Service Operators Grant which is a fuel-based governmental grant.<sup>5</sup>
- 1.20 The scheduling of these buses is undertaken using Flexi-Route™ software; a package that has significant functionality including a comprehensive suite of standard reports. Unfortunately, at this time, the management information relating to the buses is under-developed and the reports are not populated and hence cannot be shared with Service Users. This fact, though understandable due to resource limitations in Transport Planning, is disappointing as this data could help Departments better

<sup>5</sup> Bus Service Operators Grant (BSOG) is a grant paid to operators of eligible local bus services and community transport organisations to help them recover some of their fuel costs.  
<https://www.gov.uk/government/collections/background-to-the-bus-service-operators-grant-bsog>



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understand the nuances of the service and also provide the data to underpin a Business case for any vehicle replacement. **Risk.**

- 1.21 Given the foregoing, it is recommended that resource be identified to allow the Flexi-Route™ system output to be optimized as part of a new proactive management information approach.
- 1.22 In addition to the Blue Buses, the Council's Viewforth and Newcraigielea Social Care facilities both have mini-buses which are presently under-used and expensive to maintain given the modest mileage currently being undertaken; table below illustrates costs and mileage. The under-use is largely a consequence of changing needs and increasing difficulty in finding staff with a suitable D1 driving license and MiDAS training to drive them. **Risk**

Registration Number	Make/Model (Description)	Purchase Date	Purchase Price	Current Mileage(km)	Maintenance Cost 13/14
BX07XTA	Renault Master MM33 DCI 100 Mini-bus	01-May-07	£25,406	55,284	£1,113
MX56OHN	Volkswagen Disabled Passenger Mini-bus	21-Dec-06	£33,340	81,888	£4,453*

\* = Included in the VW costs noted above were exceptional costs namely, replacement brakes, exhaust and clutch, £1,718, a significant cost in 2013/14.

- 1.23 It is recommended that consideration be given to releasing one or both of these vehicles either completely (yielding a capital receipt to the Council) or offering them to the Third Sector to facilitate the savings initiative noted at paragraph 1.6. **Possible savings £2-£6,000 pa** in revenue running costs.
- 1.24 It is also recommended that a Business Case be developed to replace the most elderly Blue Bus and to fill the driver and escort vacancies so as to avoid major service disruption.

### Social Care

- 1.25 As with all other Social Care services across Scotland, the Council's Service is facing a number of significant strategic changes which will impact on how services are delivered in the future. In this context, strong and affordable transport arrangements must be put in place to maintain access to services. Also in this context, it is imperative that the current policy/discipline of bi-annual Care Package reviews is maintained. It is recommended that consideration of the transport element of the Care

## REVIEW OF ASN & SC TRANSPORT

package is also made bi-annually and recorded along with other case notes. This will avoid any transport arrangements becoming open ended and potentially help support independence rather than creating dependence.

- 1.26 These changes must be reflected in any transport changes suggested as a result not only of this Review but also in the Council's budgetary provision for transport. In this context, it is noted that a £70,000 reduction in available funds for Social Care transport has been built into the 2014/15 budget and the ramifications of this must be managed very carefully and with due regard to demographic challenges currently being forecast.
- 1.27 The two most significant national change initiatives, which are shown as key dependencies in Appendix Four, are:
- Integration of adult health and social care. Shetland, with its joint Director appointment, is well placed to manage the impact of this integration but it is vital that those involved recognise the facilitatory nature of transport and don't simply view transport as the Cinderella service in the background and coping with a heavy workload; and
  - Personalisation including Self Directed Support (SDS): as a means of offering social care Service Users greater choice in how they receive and pay for services. If transport is deemed to be in-scope of SDS then it is vital that the relevant costings are accurate (so as not to render the residual service non-viable) and that the market is nurtured so that genuine choices and comparisons can be made.
- 1.28 Self Directed Support (SDS) which came into effect from 1 April 2014 has seen a low take up among services users across Scotland and in Shetland. In summary, the four statutory choices now being offered by the Council to eligible Service Users are:

OPTION	NARRATIVE
1	The making of a direct payment by the local authority to the supported person for the provision of support.
2	The selection of support by the supported person, the making of arrangements for the provision of it by the local authority on behalf of the supported person and, where it is provided by someone other than the authority, the payment by the local authority of the relevant amount in respect of the cost of that provision.
3	The selection of support for the supported person by the local authority, the making of arrangements for the provision of it by the authority and, where it is provided by someone other than the authority, the payment by the authority of the relevant amount in respect of the cost of that provision.
4	The selection by the supported person of Option 1, 2 or 3 for each type of support and, where it is provided by someone other than the authority, the payment by the local authority of the relevant amount in respect of the cost of the support.

## REVIEW OF ASN & SC TRANSPORT

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- 1.29 As part of the roll-out of SDS, there is an expectation that the Council will give all suppliers equal support in “market shaping” – this is activity which seeks to give clear choices to Service Users so that they can control more effectively the services they access and the costs thereof. This activity will necessitate the Council getting alongside the emerging Community Transport sector and advertising their available capacity to all commissioners.
- 1.30 The Council approved Adult Social Care: “Contributing to Your Support” with effect from September 2013. This policy initiative, which introduces charging for certain services, may possibly have application, subject to Elected Member agreement, vis-à-vis the costs of transport provision; it is based on a flat rate user-charge and is not designed to cover costs.<sup>6</sup>
- 1.31 In contrast to the flat rate charges mentioned above, SDS requires detailed and defensible service-specific costings wherewith to offer choice to Service Users. Given the visibility issues raised from paragraph 1.1, this costing represents a potential risk to the Council. **Risk**
- 1.32 In the social care context, there are a number of extant transport arrangements that are inconsistent and appear to have arisen on a reactive rather than planned basis; amongst these are:
- Eric Gray Resource Centre<sup>7</sup> a day centre for clients with learning disabilities and autistic spectrum disorders – heavy current users of transport and this trend is forecast by staff to be increasing;
  - Supported employment including to COPE Limited and access to further education opportunities;
  - Viewforth House has access to a Council minibus; the service re-design must include a review of its transport needs for this facility and its replacement;
  - Newcraigielea and Arheim facilities have allocated Fleet vehicles and some user charges are levied; and
  - Ad –hoc, and often very expensive, contracts placed for Service Users in remote areas.
- It is recommended that each of the above arrangements be re-considered in the light of the Assisted Travel Policy and changes made wherever necessary.
- 1.33 The SWIFT™ Social Care Service User database is not currently used to track travel arrangements and also the inclusion of NHS patient identifiers

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<sup>6</sup> Community Health & Social Care will, in the near future, be reviewing CYS, the potential for transport charges could be part of that review.

<sup>7</sup> Report approved by Council 3 July to re-provide the EGRC with a new build option; target 2017 completion.

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is only now being rolled-out. These omissions may allow duplicated payments, journeys or payments to occur, a potentially significant risk if SDS take-up levels rise. **Risk**

- 1.34 A consistent narrative during the Review from those interviewed suggests that the Council is not always following its own or national eligibility criteria, a situation that causes inappropriate precedents to be established. **Risk**

### **Children's Services**

- 1.35 Children with Additional Support Needs (ASN): At 20 September 2013, the Council had 241 Children assessed as either Stage Two or Three Additional Support Needs i.e. requiring a package of additional measures to protect their ability to access and benefit from education.
- 1.36 This cohort of children represents 7.4% of the total number of children on the school roll (3,246).
- 1.37 There are no Special Schools for children with ASN in Shetland but there are units at Bells Brae and Anderson High Schools that cater for children with multiple and complex needs. It is in accessing these facilities that most of the travel issues arise. In the context of the Anderson High School facility, it should be noted that there is no separate building for ASN provision in the re-provision plans for the High School when it moves to the Clickimin site. Access and egress arrangements will require to be carefully considered from the outset. Appendix Four shows this and other key dependencies diagrammatically.
- 1.38 Statutory guidance about home to school journeys is clear but where there are children with ASN the position is less so. Over recent years, in times of financial plenty, it could be argued that there has been over-provision from the Council based on wants and not needs. Such a position is no longer financially sustainable and thus a re-basing to a statutory basis of provision should be considered.
- 1.39 In the context of the statutory conditions, it is also notable that the Council sets aside the statutory distances for home to school transport in winter months (October to April) and introduces a local 1.5 mile radius wherewith children get free school transport. This policy, interestingly, is also adopted by Orkney Islands Council.
- 1.40 In addition to re-basing mentioned above, the opportunity should be taken to encourage the development of life skills in children including, accessing public transport and/or walking. This resonates strongly with an emerging theme of this review i.e. "travel not just transport" and also that "not all solutions need have wheels".

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- 1.41 The SEEMIS™ Children's Services Pupil database is not currently used to track and manage travel arrangements. This omission may allow duplicated payments, journeys or payments to occur, a potentially risk.<sup>8</sup>

**Risk**

- 1.42 Accessing Travel Assistance for Service Users: over recent years the approach to accessing this travel assistance has been helpfully transformed from the school requesting travel assistance to the parents making the request on an annual basis. This transition allows the Children's Service, where appropriate, to ask the school to discuss with parents whether travel arrangements other than use of school transport as provided is in the best interests of the child or whether an alternative approach may be more beneficial.
- 1.43 The annual need to apply also sends out a powerful message to parents that transport is not free and that changing circumstances should be recognised. Appendix Seven shows the simplicity of the annual re-application form.
- 1.44 It is recommended that, to enhance the information flow to parents, the Council should share with them the indicative costs of the service being offered. Indicative costs should be shared as sharing actual contractor costs may give rise to accusations of inappropriate disclosure citing "Commercial in Confidence" concerns.

### **Strengths Weaknesses, Opportunities and Threats**

- 1.45 The following analysis was compiled during a Workshop involving senior service managers. Whilst it has not been prioritised or moderated a number of key and consistent messages are evident. As part of the Action Planning, the Strengths and Opportunities must be developed and the Weaknesses and Threats addressed.

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<sup>8</sup> Advised by C Horrix that this will be addressed as soon as practical.

## REVIEW OF ASN & SC TRANSPORT

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Corporate Resources, Systems, Insurance etc</li> <li>• Range of options &amp; resources (finance)</li> <li>• All individuals accessing services will have an assessment of need, albeit transport is perhaps not considered currently (WYFY<sup>9</sup> and GIRFEC<sup>10</sup>)</li> <li>• Motivated and open-minded people</li> <li>• Resourceful communities and teams</li> <li>• Budget Responsible Officers are clear thus there is potential benefits of efficiency and scope to direct resources elsewhere</li> <li>• Current “Rolls Royce” provision</li> <li>• We have a number of different kinds of provision which should (but don’t necessarily) enable flexibility</li> <li>• Until recently we have had the ability to make provision without regard to cost</li> <li>• Timed/Scheduled service seems to work well centrally (Lerwick)</li> </ul>	<ul style="list-style-type: none"> <li>• EGRC staff time escorting customers</li> <li>• Visibility of finances/budget awareness of cost of provision</li> <li>• Poor communication</li> <li>• Lack of flexibility including outside set times. Constraints on time.</li> <li>• Availability of drivers</li> <li>• Overall co-ordination – in the Council, who does what?</li> <li>• Bureaucracy and red tape</li> <li>• Political interventions can make application of equitable process/assessment challenging</li> <li>• Review of provision between children and adult services (statutory level of provision changes)</li> <li>• Assessment of need is not linked to provision of transport</li> <li>• Lack of suitable vehicles and D1 Bus entitlement on licences, 1997 onwards</li> <li>• Remote areas cannot replicate Lerwick arrangements</li> <li>• It is expensive and does not necessarily promote independence or resilience or best value</li> <li>• We work too much in isolation and don’t seek sufficient joined-up approaches</li> <li>• Lack of clarity around roles</li> <li>• Solutions being addressed in locality or individual service – so no appreciation of the wider picture or better solutions</li> </ul>

<sup>9</sup> WYFY – With You, For You

<sup>10</sup> GIRFEC – Getting It Right For Every child

## REVIEW OF ASN & SC TRANSPORT

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Potential to do things better for the community (less time, responsive, less bureaucracy)</li> <li>• More integration between services and SIC/NHS</li> <li>• Better define areas of responsibility</li> <li>• Self Directed Support &amp; Personal budgets</li> <li>• Charging CYS<sup>11</sup> excludes mobility component of PIP<sup>12</sup>/DLA<sup>13</sup></li> <li>• WYFY Review can pick up transport issues and eligibility</li> <li>• To work holistically across teams, services, initiatives to create a joined up economic service that meets needs and manages expectations of clients</li> <li>• Make use of the considerable goodwill and skills of members of the community in a more organised way – requires identification of what these are.</li> <li>• Streamline service and avoid duplications with knock-on effect to free up resources that are ultimately already there</li> <li>• Growth planned for Third Sector to build Community Transport resources</li> </ul>	<ul style="list-style-type: none"> <li>• Make the wrong decisions and invite further challenge</li> <li>• Shetland economy is strong thus staff shortages for the council</li> <li>• Lack of budget with regard to service provision. Less finance available to fund services</li> <li>• Increasing numbers of service users – age related/ASN etc.</li> <li>• Increase in demand due to service growth</li> <li>• Decreasing/diminishing resources further savings to be achieved in subsequent years to meet MTFP<sup>14</sup></li> <li>• Cost of service not best value</li> <li>• If we don't join up the dots to identify a system that is best value and meets our needs, we risk ending up with a service that has its budget slashed, without any forward planning</li> <li>• Incompatible people having to share transport</li> <li>• Isolation</li> <li>• Age of Blue Buses</li> <li>• £70k target saving</li> <li>• 20% increase in wheelchair use forecast.</li> </ul>

<sup>11</sup> Contributing to Your Support

<sup>12</sup> Personal Independence Payments

<sup>13</sup> Disability Living Allowance

<sup>14</sup> Medium Term Financial Plan



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## 2 ELIGIBILITY & ACCESSIBILITY CONSIDERATIONS

- 2.1 It is important at the outset of any consideration on Eligibility issues to be very clear who controls this aspect of service provision. To be unequivocal, Service professionals such as Care Managers/Co-ordinators and Educational Officers are the sole eligibility gatekeeper to all Council provided/funded travel assistance. The assessment of need is theirs to control using appropriate statutory and local guidelines. Transport Planning does not have the right to challenge eligibility once it has been determined by Service professionals.
- Service professionals such as Care Managers/Co-ordinators and Educational Officers are the sole eligibility gatekeeper to all transport services.*
- 2.2 Notwithstanding the above, the Transport Planning team should no longer be passive in identifying travel arrangements; once Eligibility to travel support has been determined. The availability of a ledger code can no longer be the prime determinant of a particular travel arrangement; all officers must consider how to get best value from such arrangements.
- 2.3 Once eligibility to travel assistance is determined by Service professionals, Transport Planning takes over and arranges accessibility by offering Service professionals a costed transport solution(s). For clarity, it is the Care Manager/Co-ordinator that determines the chosen solution with due regard to the needs of the Service User. All such care Packages will be reviewed bi-annually to assess continuing needs.
- 2.4 The key principles which underpin the Council's Assisted Travel Policy, a draft of which is at Appendix Five, are:
- Self-travel as the default expectation of the Council;
  - Independence not dependence;
  - Choice and control for the Service User;
  - Recognition of the duty of care for the Service User, their carer or family; and
  - No automatic entitlement to travel assistance in the transition from Young People's services to Adult services.
- 2.5 In seeking best value, the disconnection mentioned earlier between the decision making around eligibility to travel and the costs of the travel subsequently accessed should be considered carefully. It is recommended that the costs of travel arrangements as well as the monthly



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budget monitoring for Transport Planning be shared with Service professionals.

- 2.6 Transport Planning's role is detailed at section 3 of this report; one aspect of that role is contract compliance; Appendix Six is a Code of Practice for internal and external contractors with responsibility to transport Service Users. Adherence to these minimum standards must be policed and there is a risk that current Transport Planning resources do not allow a sufficient degree of proactivity for this task. Failure to police such issues could lead to the Vehicle Operator Service Authority reporting non-compliance to the Traffic Commissioner with all the adverse publicity; see inset example.

**Example:**  
*At the Traffic Commissioner for Scotland hearing, Teejay Travel Ltd, which operates in Arbroath, was found to have not completed safety inspections on time and kept inadequate records.*

**Risk.**

- 2.7 In considering the current circumstances of Accessibility and Eligibility, it is clear that the linkage between decisions made by professionals and the cost consequences of their decisions is insufficient to engender real accountability. This factor was also raised in the SWOT exercise summarised in paragraph 1.45.
- 2.8 To address the accountability-disconnect, it is recommended that Transport Planning advises commissioners as to journey-cost options once eligibility under the Assisted Travel Policy has been agreed. In addition, overall management accounting information for the total ASN & SC Transport budget should be shared with Service professionals on a routine basis.

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## 3 MANAGEMENT ARRANGEMENTS

- 3.1 This Review has identified that there is considerable dubiety and misunderstanding of current arrangements for accessing transport and travel arrangements. This has led to sub-optimal arrangements being put in place. Consistency is now required and a sound and accessible communication of which teams/functions are responsible for what aspects of service. **Risk.**

- 3.2 In the interest of clarity, the role and responsibility of Transport Planning (TP), which has very finite resources, is noted in the table below:

OTHER SERVICE OR AGENCY RESPONSIBILITY	TP RESPONSIBILITY
<ul style="list-style-type: none"> <li>Assess and approve Eligibility to travel;</li> <li>"Own" the Service User or identify a Transport budget for exceptional circumstances/Service Users;</li> <li>Liaison with Service Users vis Eligibility and subsequently Accessibility;</li> <li>Liaison with Transport Planning to develop appropriate travel solutions;</li> <li>Meals on Wheels – service and transport management;</li> <li>Transport of food between facilities e.g. Taing House to Montfield House;</li> <li>Health journeys – Scottish Ambulance Service or NHS Shetland</li> <li>Collection and distribution of pharmaceutical products in the community (most notably in care facilities) – Community Pharmacist does this for people in their own homes.</li> <li>Maintenance of the Council's Fleet</li> <li>Decision making about Fleet replacement.</li> </ul>	<ul style="list-style-type: none"> <li>Oversee Accessibility to Travel Assistance once Eligibility has been assessed;</li> <li>Develop an array of costed travel options for Service Users so that individual or corporate commissioners have choice and control and to heighten accountability;</li> <li>Develop Blue Bus schedules and routing;</li> <li>Liaise with the Fleet Management Unit to ensure that there are sufficient vehicles available at any time;</li> <li>Provide professional transport advice to assist with corporate compliance;</li> <li>Manage the operational revenue budget of £595k for ASN and SC transport;</li> <li>Liaise with and offer routes to the Community Transport sector via Voluntary Action Shetland (VAS);</li> <li>Work with Legal and Procurement colleagues to procure contracted services;</li> <li>Liaison with contractors regarding contract and legal compliance;</li> <li>Budgetary control for the £600k visible revenue budget;</li> <li>Business Case preparation for Blue Bus replacement.</li> </ul>

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- 3.3 In order to address the dubiety, it is recommended that consideration be given to developing an SLA between Transport Planning and Services in order to manage expectations and to tie budgets to activity and thus enhance accountability. For clarity, at this time, it is not recommended that Transport Planning becomes any kind of trading entity.
- 3.4 It is further recommended that Transport Planning should develop a stronger Management Information System by routinely sharing management accounting information on the £600,000 budget at paragraph 1.1 with Children's Services and Social Care decision makers to enhance accountability for their choices.

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## 4 COMMUNICATIONS

### External

- 4.1 Any changes recommended as a result of this Review must be proactively communicated to actual and prospective Service Users in an accessible manner which is consistent with the Council's duty of equality.
- 4.2 Given the relatively small population of children with Additional Support Needs, a letter to existing Service Users plus a general notice of change on the part of the Council website relating to children with ASN should suffice.
- 4.3 It is recommended that consideration be given to sharing indicative pricing information with parents to increase their awareness as to the cost of scarce resources.
- 4.3 The wide range and number of Social Care Service Users will necessitate a planned and carefully considered approach to communication. We recommend that the Council's Communications/Media team have a release ready when the report goes to Committee. This release should re-emphasise the key principles outlined in this report and a positive affirmation that this isn't a new and punitive regime but a restatement and re-affirmation of existing policies.

### Internal

- 4.5 Given the divide between decision makers and those with budgetary responsibility, it is recommended that management accounting information on the travel budgets be shared with Departments on a regular basis to aid shared accountability and forward planning.
- 4.6 Care should be taken to communicate any changes to policy that have a public impact and why they're necessary to colleagues across the Council so that they have a consistent message when dealing with actual or prospective Service Users.

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### 5 RECOMMENDATIONS

In summary, we recommend the following:

- 5.1 The formalisation of Transport Planning as the one-stop-shop for transport solutions across the Council; this must however, be suitably resourced as current work-levels prohibit taking on additional duties. It is anticipated that additional resources would pay for themselves in terms of challenging currently expensive journeys and acting as a gatekeeper for all future travel requests.
- 5.2 The creation of a new subjective ledger code that differentiates between “Staff Travel” and “Staff Travel with a Service User”. Finance colleagues suggest the creation of a client travel cost subjective code which would leave all staff travel within normal travel codes. If staff are travelling and incurring costs to meet client needs they would also code their cost to the client subjective code as this would form part of the package which met needs.
- 5.3 The award of some ASN or SC routes to the Third Sector using VAS as a clearing house for booking; this could usefully start with some consistent and high costs journeys on a “proof of concept” pilot basis. Target saving based on re-patriating 20% of routes set at £10,000 pa.
- 5.4 In a similar vein to the recommendation above, it is recommended that some of the most expensive current contracted taxi routes be considered for re-allocation to the Third Sector. The six runs outlined at paragraph 1.11 alone cost the Council c£200,000 pa; given the lower cost base of the Third Sector and the lack of profit motivation, savings should be realisable to the Council.
- 5.5 Release unwanted mini-buses from Newcraigielea and Viewforth – possible revenue saving of £2 -£6,000 pa (depending on how many are released) and realising a capital receipt from selling the vehicles;
- 5.6 The individual costs of all travel arrangements as well as the monthly budget monitoring for Transport Planning should be shared with Service professionals.
- 5.7 Develop a Business Case to replace older Blue Bus and fill vacancies in order to avoid service disruption and/or curtailment;
- 5.8 It is recommended that, to enhance the information flow to parents, the Council should share with them the indicative costs of the service being offered.

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- 5.9 Considerations should be given to developing a high level Service Level Agreement between Transport Planning and the Departments they support so as to manage expectations and be clear about mutual roles and responsibilities.
- 5.10 The risks noted in this report should be addressed in a systematic and planned manner.
- 5.11 Two of the 60 plate Blue Buses should have their routes swapped so as to equalise mileages and hopefully reduce depreciation and maintenance costs.
- 5.12 All current ad-hoc arrangements listed at paragraph 1.32 should be tested against the new Assisted Travel Policy and amended if they are non-compliant. In addition as part of the Care Package bi-annual reviews, the travel assistance should be reviewed at least annually for ongoing appropriateness and need.
- 5.13 Training and suitable resources should be identified so as to allow Transport Planning to more fully optimise the Flexi-Route™ software for scheduling and proactive information sharing; paragraph 1.21 refers.

### PARTICIPANTS & REVIEW CONTACTS

- Neil Grant: Director of Development Services
- Michael Craigie: Executive Manager: Transport
- Elaine Park: Transport Planning
- Simon Bokor-Ingram: Health & Care Partnership
- Clare Scott: Community Care
- Chris Horrix: Children's Services
- Hazel Tait: Corporate Services
- Shelley Humphray: Corporate Services
- Carl Symons: Infrastructure Services
- Ian Jeromson: Infrastructure Services
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- Pauline Howie (CEO: Scottish Ambulance Service)
- Emma Perring
- Nick McCaffrey: Community Care Resources
- Lynne Peart
- Fiona Hillyear: Adult Learning Disability Services
- Robbie Simpson: Community Care Resources
- Teresa Slater
- Jordan Sutherland: Adult Learning Disability Services
- Catherine Hughson (VAS)
- Gussie Angus (VAS)
- Wendy Hand (VAS)
- Stan Semple
- Marion Lacey (Ready for Business LLP)
- June Porter
- Pat Christie
- Cllr Michael Stout
- Connie Russell: Adult Learning Disability Services

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## APPENDIX TWO

### STEEPLE ANALYSIS

The under-noted matrix captures the context and associated challenges for the transportation of Social Care Service Users and Children with Additional Support needs (ASN).

<p style="text-align: center;"><b>SOCIAL</b></p>	<ul style="list-style-type: none"> <li>• Ageing population</li> <li>• Falling resident population of wage-earners</li> <li>• Fluctuating numbers of children with ASN</li> <li>• Transient oil industry population – impact on employment levels</li> <li>• Full employment – difficulty for SIC in recruiting lower paid jobs</li> <li>• “Wants versus needs” legacy culture</li> <li>• Nascent/under-developed Community Transport Sector               <ul style="list-style-type: none"> <li>○ Ongoing CT Review.</li> <li>○ Public Social Partnerships</li> </ul> </li> <li>• Grey Fleet issues – staff travel in own vehicles</li> </ul>
<p style="text-align: center;"><b>TECHNOLOGICAL</b></p>	<ul style="list-style-type: none"> <li>• ICT Scheduling systems (e.g. Trapeze, Cleric) – need a proportionate system for a small fleet</li> <li>• GIS, mapping software</li> <li>• Telematics</li> <li>• SWISS™ and SEEMIS™ - use of systems to record activity</li> <li>• Sustainable vehicles (electric v hybrid; ability to access external funding)</li> <li>• Low floor accessible public transport and/or taxis</li> </ul>
<p style="text-align: center;"><b>ECONOMIC</b></p>	<ul style="list-style-type: none"> <li>• Affordability &amp; Revenue savings target of £70k in a full year as a minimum</li> <li>• Self-Directed Support readiness for Indicative Budgets?</li> <li>• Lack of capital for vehicle renewal</li> <li>• Future Service Re-provision for Eric Gray Centre and Anderson high School – need to factor transport into considerations – Revenue Consequences of Capital Schemes</li> <li>• Inability to be flexible with Terms and Conditions to attract new employees (especially in the face of full employment)</li> </ul>



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ENVIRONMENTAL	<ul style="list-style-type: none"> <li>• More sustainable options than traditional petrol/diesel engine vehicles</li> <li>• Fewer trips hence lower fuel consumed – needs better scheduling</li> <li>• Travel Hierarchy (Walk, Cycle, bus, pool car, own car, taxi)</li> </ul>
POLITICAL	<ul style="list-style-type: none"> <li>• Lack of overall Travel strategy</li> <li>• Independence Referendum uncertainty</li> <li>• Stance re: taking services arms-length?</li> <li>• Need Elected Member buy-in to be consistent with Eligibility and Accessibility Policies               <ul style="list-style-type: none"> <li>○ Propensity to “flex” policies thus diluting the force thereof</li> <li>○ Winter-specific rules – sacred?</li> </ul> </li> </ul>
LEGAL	<ul style="list-style-type: none"> <li>• Type approval needed for non-standard new vehicles</li> <li>• Statutory versus non-statutory obligations</li> <li>• Self-Directed Support Act – into force April 2014 – SIC need for Market Shaping</li> <li>• Lack of drivers with D1 Licences</li> <li>• S19 and S22 Permit issues for Community Transport sector</li> <li>• X-ref to other initiatives with transport-dependencies such as the PSO, new AHS etc</li> <li>• Certificate of Professional Competence – driver training with a September 2014 compliance deadline</li> </ul>
EQUALITIES	<ul style="list-style-type: none"> <li>• Plethora of impacts across 9 Protected Characteristics and across Human Rights</li> <li>• Equity of access to services across a disparate geography</li> <li>• X-ref Choice and Control including SDS</li> </ul>

# REVIEW OF ASN & SC TRANSPORT

## APPENDIX THREE

### RISKS & ISSUES IDENTIFIED

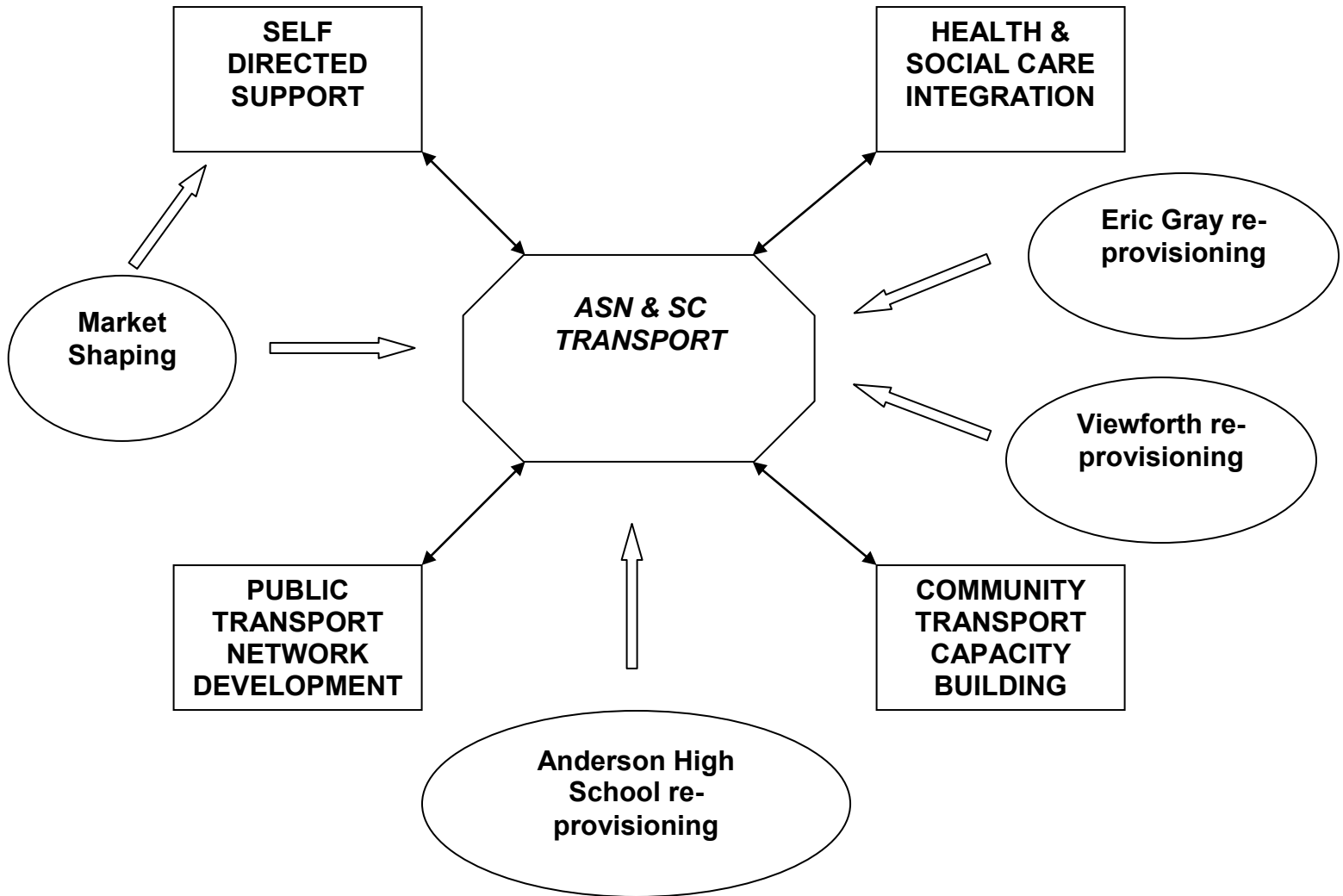
Using the delineation that Risks are potential events and Issues are real occurrences the following observations have been made:

RISKS	ISSUES
<ul style="list-style-type: none"> <li>• Para 1.1 &amp; 1.15: No replacement plans and/or capital for Blue Buses.</li> <li>• Para 1.5 the Council is over-reliant on the independent sector for transport and current economic conditions mean that prices to the Council may not be optimal in the face of much private oil/gas business.</li> <li>• Para 1.10: Latent demand for services; EGRC report signalled 45 users who currently do not access transport services and other intelligence points to a 20% rise in wheel chair users in the short to medium term.</li> <li>• Para 1.18 recruitment: as alluded to above given the current economy, there is virtual full employment and thus recruiting for a driver and escort may prove difficult.</li> <li>• Under developed SDS market; paragraph 1.28 refers</li> <li>• Paragraph 1.30 - Under preparedness for issue of SDS budgets leading to SIC becoming a provider of last resort when money runs out or is mis-spent or when commercial operators let clients down</li> <li>• Paragraph 1.2 - Lack of visibility on costs of: <ul style="list-style-type: none"> <li>○ Grey fleet</li> <li>○ Grants to Third Parties/Third Sector for transport</li> </ul> </li> <li>• Para 2.6 If Transport Planning is to proactively police contract compliance per the Appendix Six Code of Practice, then additional resources may require to be found in the light of current workloads.</li> </ul>	<ul style="list-style-type: none"> <li>• Para 1.18. Need to recruit a Blue Bus Driver and Escort in difficult employment circumstances</li> <li>• CT Development Programme is slow</li> <li>• Para 1.18 and 1.22 the recruitment issue above will be exacerbated by the national shortage of drivers with a D1 license.</li> <li>• Para 1.33 There is currently no recording of travel arrangements in SWIFT™</li> <li>• Para 1.09 The disconnect between the decision maker and budget holder may stifle innovation as savings will accrue to someone else's budget.</li> <li>• Para 1.14 Montfield House is struggling at weekends to deliver food from Taing House and often relies on taxis.</li> <li>• Para 1.34 Current Council travel criteria not consistently applied.</li> <li>• Para 3.1 dubiety exists across the Council as to who does what in transport</li> <li>• Para 1.21 there is no Management Information on Blue Buses despite having a fully functional software system with standard report functionality.</li> <li>• Para 1.32 Service Users/Tenants at Arheim are contributing to the use of a Fleet Management Unit vehicle which is coming towards due for replacement yet no forward plans have been developed for a new vehicle.</li> </ul>

## APPENDIX FOUR

### MAJOR DEPENDENCIES VIS FUTURE PROOFING

The following dependencies require to be considered in any re-design of Travel arrangements in the future.





Shetland Islands Council

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**ASSISTED TRAVEL POLICY**

**(DRAFT)**

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**Review Date: Approval plus 12 months**

# REVIEW OF ASN & SC TRANSPORT

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## INTRODUCTION – HOW TO USE THIS GUIDANCE

There are two important aspects of regulating Travel arrangements – Eligibility to Travel assistance and Accessibility of a suitable Travel solution.

In the Shetland context, the following rules prevail:

- Travel is the key term as not all solutions will involve transport;
- Eligibility – this is determined by Service Professionals such as Social Workers, Children's Services Officers with reference to statute and local Service Policies.
- Accessibility<sup>15</sup> – only when Eligibility has been assessed will the specific Travel arrangements for an individual be determined. Adult Service Users will be offered choices including Self Directed Support Personal Budgets or Council procured services. Accessibility will be determined in partnership between the relevant Department and the Transport Planning Team.
- There is no guaranteed renewal of Travel Assistance when a Young Person transitions to Adult services – a new assessment will be undertaken and subsequently reviewed annually.

This Guidance comprises three flowcharts and an accompanying narrative; Flowcharts One and Two outline the process for assessing Eligibility for Adults and Children respectively and then Flowchart Three outlines how Accessibility will be enacted.

The narrative is intended to demonstrate the legal and practical context for the assessment process.

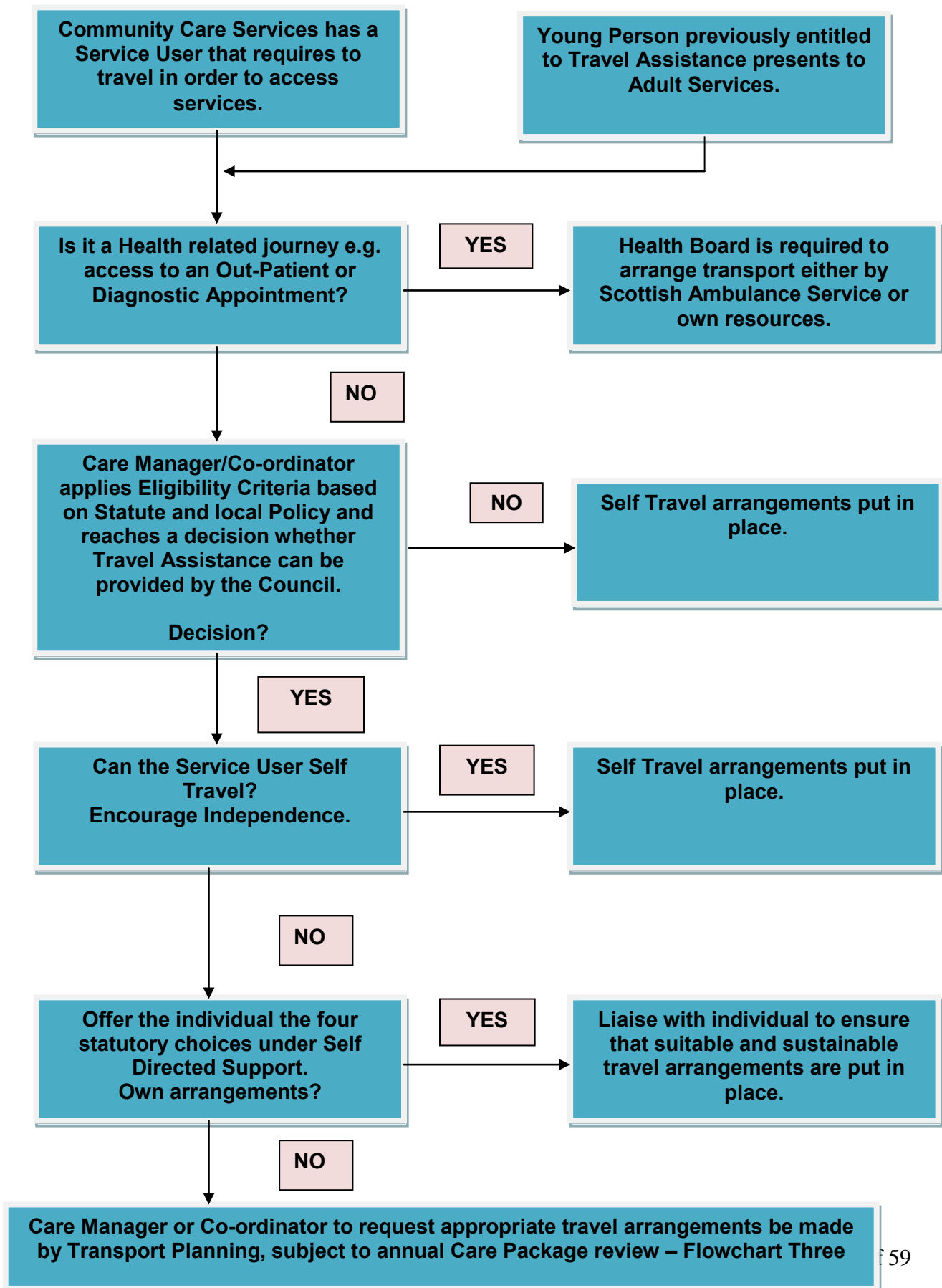
The Policy in overview is entitled Assisted Travel Policy and it should be approved by Committee and formally reviewed annually.

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<sup>15</sup> Accessibility - The identification of, and arrangements to access, a suitable travel arrangement for those assessed as Eligible for travel assistance from the Council.

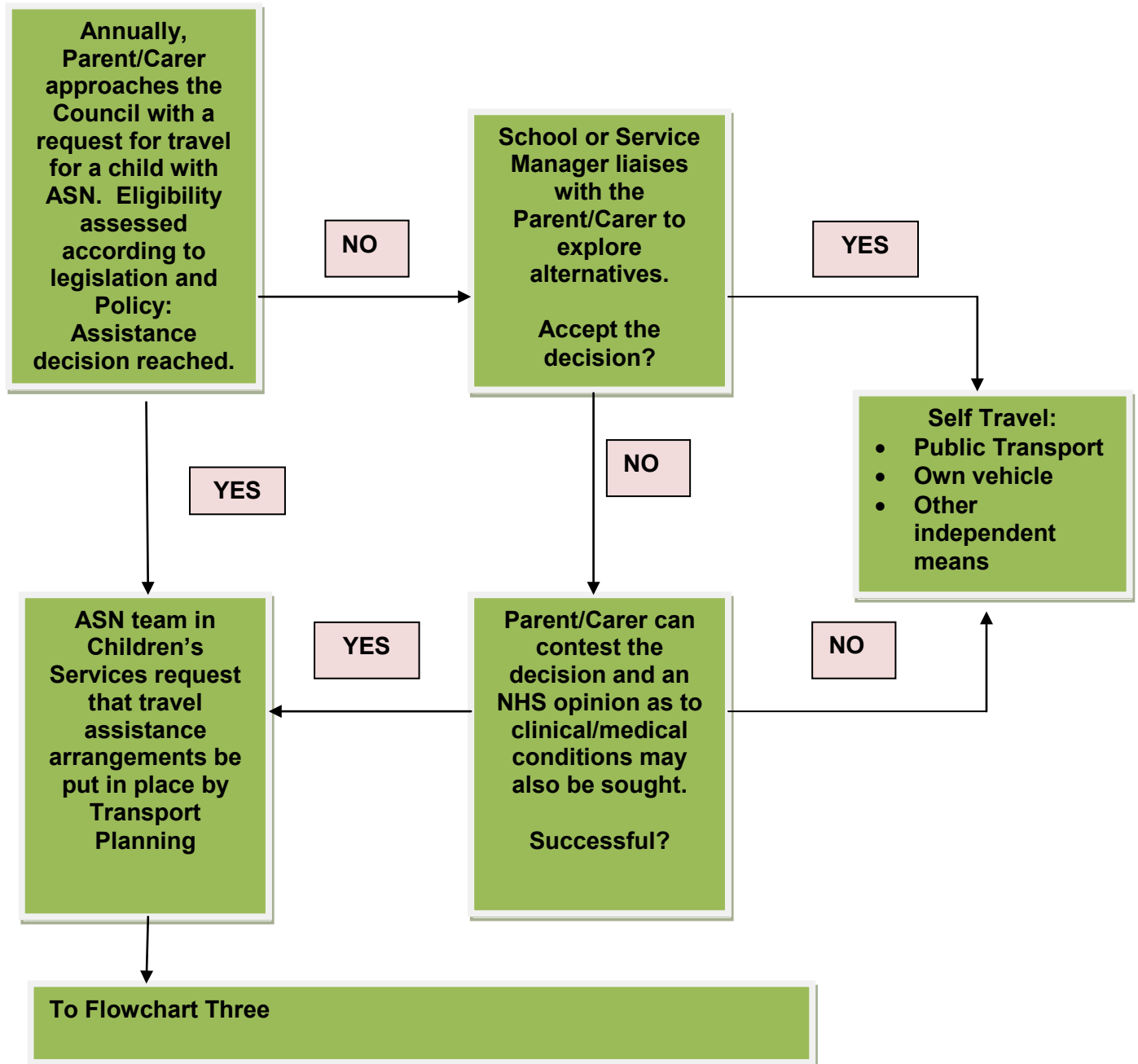
# REVIEW OF ASN & SC TRANSPORT

## FLOWCHART ONE: ADULT SOCIAL WORK SERVICE USER



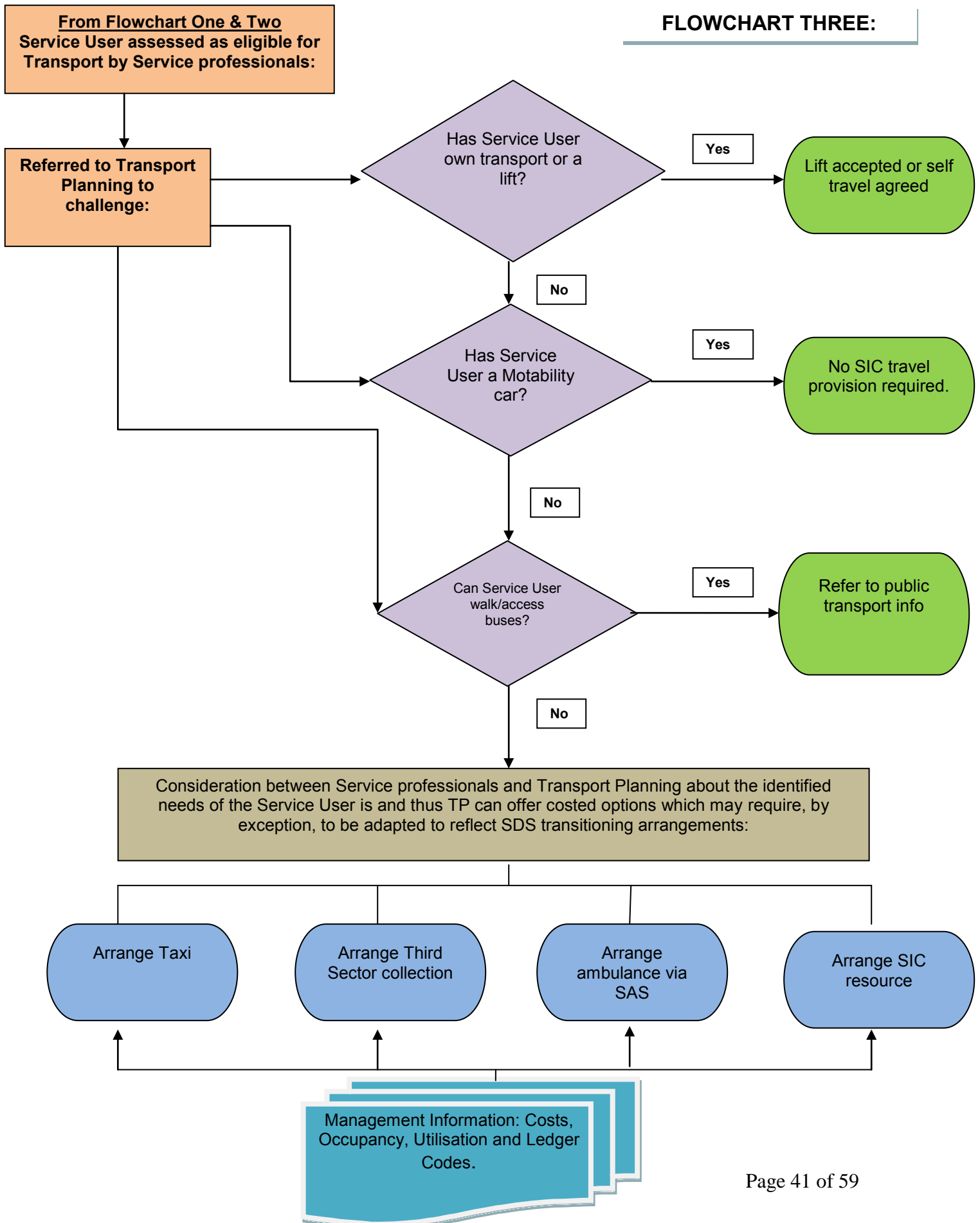
## REVIEW OF ASN & SC TRANSPORT

### FLOWCHART TWO: ELIGIBILITY TO TRAVEL ASN



## REVIEW OF ASN & SC TRANSPORT

### FLOWCHART THREE:





# REVIEW OF ASN & SC TRANSPORT

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## 1. PURPOSE

This section of the Policy outlines the context for offering Travel assistance; it aims to support Social Care and Children's Services professional officers as they assess eligibility for Council support in their travel arrangements.

Once assessed, the Transport Planning function will provide access to transport in a cost-effective, fair and equitable way for those Service Users who have been assessed, by

The aim of this policy is to reflect national and local priorities by promoting:

- Independence rather than dependence
- Prevention rather than just intervention
- Duty of care from Users, Carers and families
- Choice and Control
- Healthy Living
- Improved quality of life
- Dignity
- Access to local accessible services
- Improve Public Protection arrangements, enabling people to live healthier lives in safer communities.
- Build community resilience
- Maintain services for the most vulnerable people whilst addressing financial challenges.
- Support, develop and make the best use of our staff.

## 2. SCOPE

This Assisted Travel Policy applies to all Shetland Islands Council Service Users who have been assessed as eligible for assistance with travel from Children's Services or Social Care either Self Directed or by Direct Provision.

## 3. RESPONSIBILITIES

### **Service Providers, Commissioners and Assessors**

Service Providers, Commissioners and Assessors must ensure that all Service Users are encouraged and assisted to travel independently and to make optimum use of public/mainstream transport options and their own financial resources.

# REVIEW OF ASN & SC TRANSPORT

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This is consistent with:

- a) The Same as You – Keys to Life
- b) WYFY – With You, For You
- c) DWP – Personal Independence Payments
- d) Self-Directed Support (Scotland) Act 2013
- e) The Social Care and Social Work Improvement Scotland (Requirements for Care Services) Regulations 2011
- f) The Welfare Reform Act 2012 (DLA to PIP)
- g) Duty of Care from Service Users, parents and carers
- h) Getting it Right for Every Child (GIRFEC)
- i) Children and Young People (Scotland) Act 2014
- j) Equalities Act 2010
- k) Education Scotland Act 1980

The objective is to maximise independence and use of community based resources while reducing dependency on transport provided by the Council and simultaneously improving community transport links and to support and enable the implementation of the Council's Prevention policy

## **4 Practice Guidance for Assessors**

Those professionals making an assessment will apply the following principles when considering the need for transport:

- 4.1 Resources from the Council will not to be allocated to meet transport related needs where the individual:
- Is able to walk, uses assisted mobility (motorised scooter, wheelchair aids – although these are only for short distances) either independently or with support from friends, family support worker, volunteer etc., to get to a local community service including college and it is reasonable for them to do so. The willingness or ability of a family member or a carer to undertake this task must be assessed and agreed as part of the assessment process. It is acknowledged and understood that some conditions mean that a Service User's physical or mental ability to do things may fluctuate and this should be reflected in the assessment.
  - Receives benefit to facilitate their mobility needs and it is reasonable to utilise the benefit for these purposes (DLA, Personal Independence Payments) unless the benefit is insufficient to meet the need.

## REVIEW OF ASN & SC TRANSPORT

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- Lives in a setting where care and support is funded by Housing and/or Social Care (Residential Care, supported living schemes, core and cluster, sheltered housing, shared lives). Where Supported Accommodation - individuals hold tenancy / occupancy agreement either paid for by individual or through housing benefit, this should not necessarily bar individual from assessment of travel needs/ allocation for transport.
  - Has been provided with a car through Motability® or owns a privately purchased car and it is not unreasonable in terms of distance, timings and other commitments people may have to expect this to be made available.
  - Can use public or community transport, such as voluntary transport either independently or with support (family, friend, carer, support worker) to get to and from community activities, which may include college and COPE.
  - Becomes temporarily eligible for assistance by virtue of family/carer choices when their permanent circumstances do not qualify for assistance.
  - Fails to comply with personal, parental or carer duty of care regulations detailed in Education legislation.
- 4.2 There is no standard definition of what is reasonable distance/time to access service or activities that meet social care needs. The individual Support Plan will define what is “reasonable” for the individual when considering assisted transport/travel. It is important to consider the nearest local community resource, in the first instance. If longer journeys are necessary the Service User will be matched to the most cost effective option of transport.
- 4.3 The principle is that wherever possible Service Users should be encouraged to make their own transport arrangements, with staff from Social Care acting as facilitators (Subject to Option 3 & 4 Social Care (Self Directed Support) Scotland Act 2013) – indicating appropriate transport options. Sensitivity will need to be applied to those situations where transport is currently provided and the review/reassessment results in allocation of resources that will not meet current arrangements. A time limited transition period, coupled with an impact assessment, may need to be agreed, in exceptional circumstances
- 4.4 Where Service Users incur extra expenses related to their disability or mental health this will be considered in their Support Plan.
- 4.5 The Support Plan will identify and review aspects of Independent Travel Planning – in part or full. In order to learn or regain skills and confidence in

## REVIEW OF ASN & SC TRANSPORT

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- road safety and orientation skills so that they can travel independently and improve other aspects of daily living and socialization skills.
- 4.6 Where a Service User cannot attend their nearest community activity including college or day support service because there is no placement available the assessor or support planner can make an exceptional case to the relevant Service Manager for additional resources.
  - 4.7 Where a Service User chooses to attend a community activity, college or day support service that is not the nearest any additional cost of transport will be met by the indicative budget. Additional costs may be recovered by invoice from the Service User.
  - 4.8 Where a Service User has no access to their own transport and cannot walk, use assisted mobility (wheelchair/aids) or use public transport, either independently or with support, then the Support Plan should lead to an allocation of resources to meet critical or substantial needs that are adequate to access transport to and from services or activities that meet needs - subject to agreement of Transport Planning.
  - 4.9 Where it is identified that a carer will provide transport it is important that the assessor is able to demonstrate that the impact of this has been appropriately considered in an assessment of the carer's needs. Where it is concluded that the carer cannot provide transport because it would place an unreasonable demand on them, then the assessment may lead to an allocation of resources to meet the critical and substantial needs that can be met by enabling access to transport – subject to agreement of the Transport Planning. Where carers or friends have been identified as being able to provide transport, alternatives arrangements should be detailed in the contingency plan to cover periods where they are unavailable.
  - 4.10 In all other circumstances, provided all transport options have been considered, evidenced and recorded, assisted transport may be used where available. However, this arrangement must be the most cost effective and is subject to an annual review Children's Services or Care Management professionals.

#### **CODE OF PRACTICE FOR THOSE TRANSPORTING CHILDREN WITH ADDITIONAL SUPPORT NEEDS**

The following Code of Practice outlines the mutual roles and responsibilities of those involved in the delivery of transport for Young People with Additional Support Needs.

It applies equally to Council staff and contractors.

It is communicated to a wide range of stakeholders and is accessible on the Council's website for ASN.



***SHETLAND ISLANDS COUNCIL***

***CODE OF PRACTICE  
FOR TRANSPORTING YOUNG PEOPLE  
WITH  
ADDITIONAL SUPPORT NEEDS***

***September 2014***

# REVIEW OF ASN & SC TRANSPORT

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## 1. INTRODUCTION

- 1.1 This Code of Practice has been produced by Shetland Islands Council to provide Contractors, Escorts, Parents/Carers and School Staff with summary information about the provision of transport for pupils with Additional Support Needs (ASN) and their own responsibilities and duties.
- 1.2 The Code of Practice is issued to and relevant for:
- parents/carers of all pupils who travel on ASN transport;
  - all school staff involved with young people with additional support needs; and
  - all Contractors/Drivers/Escorts who operate ASN transport contracts
- 1.3 Young people with Additional Support Needs who access transport may have one or more of the following:
- moderate or severe learning disabilities;
  - physical disabilities;
  - emotional and behavioural difficulties;
  - sensory impairment; or
  - medical needs.
- 1.4 Contractors are responsible for taking reasonable care of the pupils in their charge. These instructions concern the safety and supervision of passengers on ASN transport contracts for education, and contractors must ensure that drivers and escorts are suitably briefed and familiar with these instructions.
- 1.5 The Council will co-ordinate training programmes with regard to general disability awareness, manual handling, first aid, safety procedures and other related issues. Risk Assessments as appropriate are in place and are subject to annual review. Contractors should be aware that evidence of appropriate training will normally be required prior to contracts being awarded.
- 1.6 Contractors are responsible for ensuring suitable child restraints and/or booster cushions are provided in compliance with relevant statute/regulations and Conditions of Contract.

## REVIEW OF ASN & SC TRANSPORT

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- 1.7 It is the Contractors responsibility to ensure all drivers and escorts used in the provision of school/ASN transport services hold P V/G/Enhanced Disclosure Scotland clearance. The Contractor will be required to produce evidence to confirm all drivers and escorts meet this requirement.
- 1.8 Drivers must:
- at all times be considerate of their passengers needs and wellbeing;
  - take all responsible steps to ensure passenger comfort and safety during the journey;
  - treat passengers in a sensitive manner appropriate to their age and ability;
  - ensure that seat belts are worn at all times;
  - ensure that the number of passengers carried does not exceed the number of seat belts; and
  - be aware that failure to maintain acceptable timings without adequate reason will be grounds for termination of the contract.

## **2. DRIVER CHECKS**

### **2 Before the Journey**

- 2.1.1 Check your vehicle to ensure that there are no defects which could affect the safety of passengers during the journey. Record this inspection even to the extent of recording "Nil Defects" where this is appropriate.
- 2.1.2 Ensure that all the necessary equipment is on the vehicle, e.g. child seats; booster cushions and/or wheelchair and occupant restraints.
- 2.1.3 Check that you have a record of the telephone numbers to be used in the case of breakdown, accident or delay e.g. the number of Transport Planning the contractor, the school and parents/carers. Check that the on-board communication system remains switched on at all times so that you can be contacted at any time during the journey.
- 2.1.4 Ensure that the escort (if required) is on-board prior to picking up any pupils.
- 2.1.5 When picking up pupils from school, unless instructed otherwise, the driver and vehicle should arrive before school finishing time so that the vehicle is parked in position and stationary when pupils are ready to board. Departure at the end of the school day will be 10



## REVIEW OF ASN & SC TRANSPORT

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minutes after the official dismissal time, or as agreed with the school staff.

- 2.1.6 The driver must be available to attend any relevant training which would help in their understanding and management of pupils with additional support needs (e.g. first aid etc).

### 2.2 Picking up and Setting down Passengers

- 2.2.1 Approach each stop with care – do not brake sharply.
- 2.2.2 When parking up and setting down passengers use only the agreed points. Do not drop off young people other than at an agreed place.
- 2.2.3 Keep all doors closed until you have brought the vehicle to a complete standstill.
- 2.2.4 Wherever possible, the vehicle must draw up close to the pavement on the near side of the road. If a pupil requires to cross the road at this point, they should be taken across the road and placed on the opposite pavement by the escort. Hazard warning lights should be activated during loading and unloading.
- 2.2.5 Ensure that only you or the escort opens or closes the door. Do not allow the pupil to do this.
- 2.2.6 If reversing is required, complete the manoeuvre whilst pupils are in the vehicle.
- 2.2.7 Passengers should board or alight from the vehicle only from a side-facing door on the near side of the vehicle except when they are using lift equipment at the rear of the vehicle. Drivers and escorts should be knowledgeable in the safe use of equipment both under normal and emergency situations. Such equipment should be supervised at all times when in use.
- 2.2.8 Before moving off make sure; that pupils on board are seated, wearing seat belts or (if appropriate) occupant restraints, that doors are properly closed, that no bags, coats, etc. are caught in the doors, that the number of passengers does not exceed the permitted number and that pupils who have alighted, and any other pedestrians are well clear of the vehicle.

## REVIEW OF ASN & SC TRANSPORT

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### 2.3 During the Journey

- 2.3.1 Drivers should ensure that all doors and emergency exits remain free of any obstructions.
- 2.3.2 Where child-proof locks are fitted to a vehicle, the locks should be in the 'child safe' position for the duration of the journey.
- 2.3.3 Drivers should ensure that pupils are wearing seat belts or an appropriate occupant restraint system and that these are suitable for the pupils. In the case of wheelchair users an appropriate occupant restraint (not attached to the wheelchair) must be used in addition to the wheelchair restraints.
- 2.3.4 The route detailed by the Transport Planning at the start of each school session must be followed except for:
  - (a) temporary revisions caused by the absence of pupils;
  - (b) revisions caused by the admission of pupils or when pupils leave school; and
  - (c) temporary deviations arising from traffic conditions.

Advice on any deviation must be given immediately to the Infrastructure Services (Transport) or Head Teacher (including any change in the pick-up arrangements for escorts).

### 2.4 Safety in the Case of Accident, Breakdown, Adverse Weather or (in certain circumstances) the Availability of the Parent/Guardian

- 2.4.1 In the event of interruption to the journey through mechanical breakdown, weather conditions or other reasons, the driver must immediately use the on-board communication system to contact the school and then the Transport Planning giving details of the situation.
- 2.4.2 In the event of interruption to the journey, the driver must ensure that the passengers remain in the vehicle unless circumstances render this unsafe. In the case of a breakdown/emergency the driver must contact Transport Planning who will arrange alternative transport and assistance as appropriate.
- 2.4.3 In adverse weather, drivers should use their discretion to decide whether a journey is possible. Journeys should not be started if the driver considers the road conditions to be such that the journey cannot be completed. In all cases, the driver should liaise with schools to keep parents/carers informed.

## REVIEW OF ASN & SC TRANSPORT

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2.4.4 If, for unavoidable reasons, parents/carers are not at home when their children arrive, the driver will wait five minutes only and will then leave a note using the pro forma supplied and continue on his journey with the other young person. If the parent/guardian continues to be unavailable, the driver may be advised to take the pupil to a care agency such as the Council's Social Care Department. Under these circumstances, parents/carers will be responsible for collecting their children.

2.4.5 Drivers/escorts must never take pupils home with them.

### 2.5 Other Requirements

2.5.1 Drivers must not smoke in the vehicle, near pupils or in the school buildings or grounds.

2.5.2 Drivers must carry their Taxi Driver/Private Hire Car licence and ID Badge at all times and show these when requested.

2.5.3 Drivers must ensure that dangerous substances, animals, or unauthorised persons are not carried in the vehicle or allowed to enter the vehicle during the transportation of pupil.

2.5.4 Where there is no escort, drivers of cars and taxis will be fully responsible for the opening and closing of passenger doors; this function must not be left to the pupil to perform.

## **3. ESCORTS**

### 3.1 General Requirements

3.1.1 Escorts are responsible for the care and supervision of pupils on the school journey, and should work with drivers to ensure that pupils are as safe and comfortable as possible.

3.1.2 All escorts should be trained to an appropriate standard as specified by Transport Planning. Should an escort fail to demonstrate a satisfactory level of competence he/she will be replaced.

3.1.3 Escorts should maintain a courteous relationship with pupils and parents/carers at all times and should be aware of the individual needs of pupils.

## REVIEW OF ASN & SC TRANSPORT

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- 3.1.4 Escorts should report any concerns about the upkeep or safety and reliability of the vehicle to the Transport Planning or concerns about pupils immediately to the Head Teacher. If in doubt, seek advice.
- 3.1.5 Escorts must not smoke in the vehicle, near pupils or in the school buildings or grounds.
- 3.2 Before and After the Journey
  - 3.2.1 The driver and/or escort should hold up-to-date lists of children in their care which include normal home phone numbers and an emergency phone number for each child. The information is confidential and must not be left in the vehicle unattended or be disclosed to anyone other than the Infrastructure Services (Transport) staff, school staff or the operator/driver.
  - 3.2.2 The driver and escort should be aware of the individual needs of each child such as specific seating requirements, medical or behavioural difficulties. Advice on the individual needs of pupils should be obtained from the Head Teacher and/or parents/carers. The escort should notify the school of any difficulties or changes.
  - 3.2.3 The escort should meet and board the vehicle before the first pupil is collected either from home or from school and only leave the vehicle after the last pupil has been dropped off.
  - 3.2.4 The escort is responsible for the direct supervision of the children and must remain on, or within, the immediate vicinity of the vehicle at all times, while passengers are on board.
  - 3.2.5 Upon arrival at the child's home or the education establishment, the escort should assist the passenger to alight from the vehicle before handing responsibility over to the nominated responsible adult.
  - 3.2.6 At the end of the journey, on no account should a passenger be left either alone or with an unauthorised person.
  - 3.2.7 If, for unavoidable reasons, parents/carers are not at home when their child arrives, the driver will wait five minutes only, before continuing on the journey with the other children. If the parent/guardian continues to be unavailable, the driver will be advised to take the child to a care agency such as the Council's Social Care Department. Under these circumstances, parents/carers will be responsible for collecting their child. Drivers/escorts have been instructed never to take children home with them.

## REVIEW OF ASN & SC TRANSPORT

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3.2.8 Drivers and escorts shall never agree to carry money for passengers between home and school/other Council facility. Should a child be required to take money to school, the parent/carer should put the money in a sealed envelope in the child's bag with written instructions on the envelope for school staff. NB: the development of cashless systems should ultimately negate the need for pupils to bring money to school in this way.

3.2.9 Where medication is in use by pupils, arrangements must be made for it to be handed to school staff by parents/carers; drivers and escorts shall have no involvement with passenger medication at all.

3.2.10 Should any pupil be involved in any minor accident on school transport, it will be the responsibility of the escort/driver to ensure that the Head Teacher is informed; on homeward journeys parents/carers should be informed. Infrastructure Services (Transport) should also be informed of all accidents.

3.2.11 Escorts must ensure that no unauthorised person or animal enters or travels in the vehicle.

### 3.3 Picking Up and Setting Down Passengers

3.3.1 The escort must be familiar with the normal and emergency use of the passenger lift where pupils are conveyed in wheelchairs. The instructions given during training must be followed at all times.

3.3.2 Wherever possible, lifting must be avoided. In certain circumstances, lifting will be essential, for example, where a child is to be transferred to a vehicle seat. Escorts should wear clothing which does not hinder this. Manual handling training will be given in lifting and this must be followed.

3.3.3 Escorts must report to the Head Teacher any absences or reasons for absence if these are known.

### 3.4 Seating Arrangements

3.4.1 In vehicles fitted with safety belts, occupant restraints or harnesses, the escort must ensure that these are correctly and securely fastened around the pupil.

3.4.2 The escort must follow advice given about seating requirements, restraints and harnesses. Any concerns about pupil safety in relation to their seating should be passed to the Transport Planning.

## REVIEW OF ASN & SC TRANSPORT

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- 3.4.3 All pupils in cars, taxis, minibuses and coaches must wear a seat belt or, in the case of wheelchair users, an occupant restraint. In all cases a seat belt or occupant restraint appropriate to the pupil's size must be used, including, if necessary, the use of booster cushions.
- 3.4.4 Where a pupil is transported using a harness or other restraint, these should be correctly secured and fastened before the vehicle moves off. The escort should be familiar with the correct and safe use of equipment used.
- 3.4.5 Where pupils are transported in wheelchairs, these must be secured in a forward facing position (or rear facing) but never sideways as they have little lateral strength. The wheelchair should be secured using either clamps or four point restraints if clamps are unsuitable. In addition to this, an independent occupant restraint must be used. Trays and unpadded pommels should be removed and safely and securely stowed.
- 3.4.6 Unless allocated to care for a particular pupil, an escort should sit where it is possible to keep all pupils in view at all times.

### **4. SCHOOL STAFF**

- 4.1 In the case of passengers with ASN, school staff will be expected to pass on any appropriate information to the escort/driver which will help him/her to better carry out his/her duties and responsibilities. This information could include short term medical and /or behavioural issues.
- 4.2 Any messages received from the parent during the day concerning transport arrangements, absences, changes to the responsible adult who will meet the pupil at home etc should always be passed on to the escort/driver.
- 4.3 Should a transport vehicle fail to arrive, staff should contact the Contractor, in the first instance. Transport Planning should also be informed and, in addition, they should be made aware of problems with the transport provision.
- 4.4 School staff will be expected to take passengers to and from the vehicle and do any lifting that may be necessary. The duty to take children on and off the bus rests with the escort and driver.
- 4.5 Where problems are identified with seating, restraints etc, or other transport issues, staff should contact Transport Planning for advice.

## REVIEW OF ASN & SC TRANSPORT

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- 4.6 School staff are responsible for ensuring that parents/carers are made aware of any breakdowns or accidents, significant changes in transport times in emergencies, absconding of pupils from transport etc.
- 4.7 School staff are responsible for ensuring that Transport Planning are informed of any changes of address of pupils or other changed circumstances (for example, a child leaving school) which affect the home-to-school transport. It is important that Transport Planning is informed of any changes as early as possible. Except in exceptional circumstances, every effort will be made to provide seven working days' notice.

### **5. PARENTS/CARERS**

- 5.1 If the child wears a harness other than that fitted in the vehicle, parents/carers must make sure they are wearing it correctly before the vehicle arrives.
- 5.2 Parents/carers must take their child to the normal stopping place at the agreed time.
- 5.3 It is the responsibility of the driver/escort to take children on to and off the vehicle.
- 5.4 If a child requires to be lifted it is the responsibility of the parent/guardian to lift their child on to the vehicle in the morning and off the vehicle at the end of the school day.
- 5.5 Parents/carers must meet children at the normal stopping places at the agreed times.
- 5.6 If parents/carers will not be at home when a child is due home, they must inform the driver/escort in the morning telling him/her who will meet their child at home that afternoon. This information should also be confirmed to the school. If a child is to be returned to a place other than the normal stopping place, then parents/carers will be responsible for making alternative transport arrangements. In such circumstances both the escort and the school must be notified, in writing in the morning that the usual transport will not be required home from school that afternoon. Parents/carers should also provide details of the arrangements which have been made.
- 5.7 If, for unavoidable reasons, parents/carers are not at home when their child arrives, the driver will wait five minutes only before continuing on the journey with the other children. If the parent/guardian continues to be unavailable, the driver may be advised to take the child to a care agency

## REVIEW OF ASN & SC TRANSPORT

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such as the Council's Social Care Department. Under these circumstances, parents/carers will be responsible for collecting their child. Drivers/escorts have been instructed never to take children home with them.

- 5.8 Any messages to school should be written not oral where this is possible.
- 5.9 Children's possessions should be contained in a named bag wherever possible.
- 5.10 Should parents/carers have any cause for concern about the operation of the contract they should contact Transport Planning as soon as possible.
- 5.11 Any concerns on entitlement to transport will be discussed with staff at Schools Service.

### **6. EMERGENCY PROCEDURES**

- 6.1 Should any passenger require urgent medical assistance whilst being transported, the passenger concerned will be made as comfortable as possible, and the driver will take the passenger to the nearest point where help will be available. This could either be back to school, to the passenger's home base or to the nearest Medical Centre (whichever is closest). If necessary, the other passengers will remain on board until the sick passenger is delivered to an appropriate responsible person. If other passengers are delayed because of the emergency, contact will be made with the home base as soon as possible with an explanation of the reason for the delay.
- 6.2 Parents/carers will be advised by the driver/school staff of any medical or serious incident which involves their child on the bus on the day that incident occurs. In all cases of incident or accident, the appropriate reporting procedures must be adhered to in terms of other officials who may need to be notified in the circumstances, i.e. Transport Planning who will then notify others as appropriate.



# REVIEW OF ASN & SC TRANSPORT

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## APPENDIX SEVEN

# REVIEW OF ASN & SC TRANSPORT

## SHETLAND ISLANDS COUNCIL SCHOOLS SERVICE Additional Support Needs Transport Requirements Request Form 15/16.

### Requested Start Date .....

Parents or guardians should complete this form annually if they wish to request school transport arrangements for the next school session that are additional or different to those provided for their location .e.g.

- Arrangements for transport of a wheelchair
- An escort during travel to and from school

Please note

- We can make arrangements only to and from the address for which your child is registered on the school roll.
- There is no automatic right to transfer of transport assistance when your child moves from Primary to Secondary School,
- The authority is not required to make transport arrangements when your child attends a school that is not the catchment school because of a placing request made by you.
- The authority reserves the right to ask you for proof of your child's disability

**Please return to the school office by** .

<b>Pupil</b>					<b>Class</b>	<b>Date of Birth</b>
<b>School</b>						
<b>Home Address</b>				Home phone number		
				Mobile phone number		
				Email		
<b>Is the pupil attending school full-time? Yes / No</b>						
If they are <u>not</u> attending full time, please supply times of attendance below						
<b>Mon</b>	From	To		<b>Thurs</b>	From	To
<b>Tues</b>	From	To		<b>Fri</b>	From	To
<b>Weds</b>	From	To				
<b>Please give additional information if pick-up and set-down will be regularly to a different address to the one above for any day of the week because of respite care arrangements.</b>						
Distance from home to school						
Location of nearest pick-up point for school transport to school / to Lerwick schools						
Do transport requirements include a wheelchair? Yes / No						
Is individual supervision required? Yes / No						
<b>Other relevant information</b>						
<b>Name of parent/guardian</b>				<b>Signature</b>		
				<b>Date</b>		
<b><u>FOR OFFICE USE ONLY</u></b>						



Education & Families Committee	27 April 2015
Employees JCC	27 April 2015
Shetland College Board	29 April 2015
College Lecturers JCC	29 April 2015
Policy and Resources Committee	04 May 2015
Shetland Islands Council	13 May 2015

## **Review of Tertiary Education in Shetland – Aggregated Business Model**

**Report No: DV-25-15-F**

**Report Presented by: Director of  
Development and Executive Manager -  
Change Programme**

**Development Services Department**

### **1.0 Summary**

- 1.1 The Council considered options for the future organisation of Tertiary Education<sup>1</sup> in Shetland during meetings in 2013. It tasked a project team with “confirming the viability of a single governance and delivery model for the Tertiary sector” and the “production of a business model and implementation plan” for consideration by the Council and other bodies.
- 1.2 This report and its appendices describe that business model. They also set out the requirements for increased income and cost reduction for it, or any other structures, to be viable.
- 1.3 The companion report on this agenda lays out the implementation plan for this integrated model and the decisions and further steps required to take that forward.

<sup>1</sup> In this document the sole use of “Tertiary” includes Tertiary Education, Research and Training unless otherwise stated

## **2.0 Decisions Required**

- 2.1 That the Committees note the information contained in this report, concerning the viability of a single governance and delivery model, and comment on those areas within their specific remit [as set out in Section 4.3 of this report] and inform Council of their views; and
- 2.2 That the Shetland Islands Council RESOLVES, having taking account of the views of Committees, to confirm the viability of a single governance delivery model for Tertiary Education in Shetland.

## **3.0 Detail**

- 3.1 Appendix 1 to this report sets out an aggregated business model for Tertiary Education in Shetland over the coming years. This model has been developed from information provided by a wide range of local, regional and national partners. It has been the subject of extensive consultation and discussion with stakeholders between 7 November and 7 December 2014. Further development work was then done during January, February and March 2015 and is now proceeding through official consultation and decision making channels.
- 3.2 The remit for this exercise was a single governance and delivery model for the sector. Therefore all activities of Shetland College, Train Shetland and the NAFC Marine Centre have been scoped in to the model. The accompanying implementation plan describes how and when consideration of excluding individual business areas, or specific functions, in any final structure would be carried out.
- 3.3 Appendix 1 describes what the new organisation would seek to achieve based on the published and emerging strategic priorities of local, regional and national partners. This does not provide definitive answers to every question, particularly regarding things like the numbers of students which must be achieved or the detailed range of learning opportunities which must be available. Most strategies seek to “maximise potential” or meet need “as far as possible” rather than target finite outcomes. They do however provide the overall guidance to the areas to be prioritised.
- 3.4 No recommendation is made at this time about its best technical structure for any new organisation. There is an option to use the existing Shetland Fisheries Training Centre Trust as a “host”, but alternatively a new legal entity could be created. Decisions on that do not need to be made until later in the process as explained in the implementation report. That would also allow due diligence processes to obtain detailed information relating to issues such as pensions or VAT in different circumstances.

- 3.5 Using the University of the Highlands and Islands as a “host” was considered in some detail during the development of the integrated business model. That option became a possibility because of discussions around potential regional restructuring. It has now been discounted however for a combination of factors, most significantly the Scottish Governments opinion that the recently established UHI Further Educational Regional Board should be give more time to bed in before any region wide restructuring is considered. These concerns did not extend to the sort of local restructuring being considered in this report.
- 3.6 At the same time as Government opinion was emerging, there was also a general agreement developing between local and regional parties that a genuinely local solution to our governance issues was the most appropriate next step in finding the most effective and sustainable future arrangements for Shetland.
- 3.7 Alternative scenarios for the financial performance of the integrated operation are set out in Appendix 2 based on 2015/16 approved budgets as adjusted by the Project Manager to provide examples of different potential trading conditions. Scenario 1 seeks to illustrate what actions would be required to try to maintain close to the current scale of operation. Scenario 2 considers what might have to be done for retrenchment to a significantly reduced scale of operation.
- 3.8 This modelling is not about trying to recommend what scale of business should be pursued, that is not a decision for this stage in the process. Any successful business needs to be able to manage expansion and contraction when trading conditions demand. By modelling different scales of operation we are able to consider how those opportunities or challenges would be coped with by separate or integrated operations.
- 3.9 Appendix 3 provides a short overview of the development of this project and summarises the key local, regional and national strategies which set the overall context we are operating within.
- 3.10 Ultimately any increased business within the sector would have to be the result of successful development in specific products and services. A set of review papers on potential development areas in the Tertiary Sector are available on the project portal.

<http://portal.shetland.uhi.ac.uk/ster/SitePages/Home.aspx>

## **4.0 Implications**

### Strategic

- 4.1 Delivery on Corporate Priorities – The review of Tertiary Education in Shetland links to the corporate priority of maximising the opportunities for further, higher and vocational learning opportunities, both for school leavers and for people returning to learning. These objectives are part of achieving the best start in life for everyone and supporting Shetland’s

communities and businesses, which are strategic priorities of Shetland Islands Council. The review also links to the parallel Council priorities of achieving best value in all our activities and living sustainably within our means.

- 4.2 Community /Stakeholder Issues – Staff, Students, Business and local, regional and national partners have been engaged with and consulted throughout this process. Implementing the recommendations of this review will require further consultation and engagement with partners including integration of any new governance arrangements with the Shetland Community Planning Partnership.

This report and the accompanying implementation plan is also being brought to meetings of the Shetland Fisheries Training Centre Trust.

- 4.3 Policy and/or Delegated Authority –

#### **Employees JCC and College Lecturers JCC**

To consider and offer recommendations on proposals requiring a Council decision, which affects or may affect the terms and conditions of employment of employees.

#### **Shetland College Board**

Support the operation and management of Shetland College and to monitor progress against the Council's approved strategic direction for Shetland College.

#### **Education and Families Committee**

Advise the Policy and Resources Committee and the Council in the development of service objectives, policies and plans concerned with service delivery within the functional areas relating to lifelong learning.

#### **Policy and Resources Committee**

Advise the Council in the development of its strategic objectives, policies and priorities, and to be responsible for the development of cross departmental change including for example customer management, workforce deployment and asset management and health and safety matters.

#### **Shetland Islands Council**

Determining the overall Goals, Values and Strategy Framework Documents or matters of new policy/strategy or variation of existing policy/strategy and establishment of any body to be part of the political management framework and all appointments to or removal from those bodies, are matters reserved to the Council.

- 4.4 Risk Management – The review project has followed Prince 2 best practice. All associated risk management arrangements will be recorded and managed in the Council's Risk Register system. The prime risk identified in recent assessments has been the length of time this area has been under review and the continuing negative effects uncertainty creates. This report therefore seeks to secure and build on progress already made, explain why some matters require further consideration but make sure that key actions are being actively pursued during that period.
- 4.5 Equalities, Health and Human Rights – The review has sought to ensure any equalities implications of proposals have been identified and considered.
- 4.6 Environmental – None

#### Resources

- 4.7 Financial – The financial implications of the current arrangements and projections for the next three years are explored within this report on the draft business model and the accompanying implementation report.

This far the review has been committed to ensuring that the approved budgets already available to the project partners are being most effectively deployed through joined up working and to operating within these budgets.

There are no direct financial consequences arising from this report, however this project seeks to maximise the value achieved from all of the funding provided to the three bodies by the Council, and improve sustainability.

- 4.8 Legal – Legal advice on the draft business model has been provided by Shetland Islands Council throughout the review with further specialised input from the Scottish Funding Council, Education Scotland - HMIE and the University of the Highlands and Islands. It is anticipated that all these sources of advice will continue to be available during further development of the model and into any implementation phase.
- 4.9 Human Resources - HR information and advice has been provided by Shetland Islands Council and SFTCT throughout the review, with further specialised input from the Scottish Funding Council and the University of the Highlands and Islands. It is anticipated that all these sources of advice, complemented by the due diligence process, will continue to be available during further development of the model and into any implementation phase. There have been opportunities for informal consultation with all affected staff through the stakeholder engagement process and this will continue. Formal staff consultation will take place in line with existing procedures of both organisations.

- 4.10 Assets and Property – Property advice on the draft business model has been provided by Shetland Islands Council throughout the review with further input from Shetland Leasing and Property Ltd. A specific work stream supported by all stakeholders has now been agreed to focus on taking this area forward as it has been agreed as being very important in making progress.

## **5.0 Conclusions**

- 5.1 The Anderson Solutions Review in early 2013 commented that
- “...even if SIC funding reductions were not a concern, change would still be recommended. The combination of weaknesses identified in the analysis of both the current and changing context is expected to continue to weaken the services over time.”
- 5.2 We are now well into 2015 and those comments remain valid. The prime risk identified in recent assessments has been the length of time this area has been under review and the continuing negative effects uncertainty creates. However we must move forward in step with our key partners at local, regional and national level if we are going to find a sustainable solution.
- 5.3 There is no doubt that achieving a financially sustainable business model in Shetland for this sector is challenging. That will remain a challenge whether we have a single governance and delivery model, or carry on with a number of separate organisations.
- 5.4 It is however apparent that reasonably stable arrangements for the organisation of Tertiary Education can be found in other peripheral parts of the Highlands and Islands that do not depend on very substantial Local Authority deficit funding support. The business model described in this report is an example of what that could look like in Shetland.

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For further information please contact:

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Date Cleared: 20 April 2015

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## Appendices

- Appendix 1 – Aggregated Business Model
- Appendix 2a - Financial forecasts based on a maintained scale of operation
- Appendix 2b - Financial forecasts based on a reduced scale of operation
- Appendix 3 - Strategic Context and Background

## Background Documents



A full set of background documents for this review can be found at

<http://portal.shetland.uhi.ac.uk/ster/SitePages/Home.aspx>



**Single Governance and Delivery Model**

- *Introduction to the Model*
- *Vision and Mission*
- *Early Objectives*
  
- *Market Profile*
- *Proposition and Curriculum*
- *Additional Revenue Earning Capability*
- *Business Development and Marketing*
  
- *Legal Structure and Governance Arrangements*
- *Student Engagement*
- *Commissioning*
  
- *Resources and Resource Management*
  
- *Buildings*
- *Staff*

*Future Income and Expenditure Forecasts (Appendix 2)*

*Background and Strategic Context (Appendix 3)*

*Summary of Pro's and Con's and Risk Analysis (Companion Report)*

*Implementation Plan (Companion Report)*

*Summary of Key Development Opportunities (Portal)*

### ***Introduction to the “New College Shetland” Business Model***

1. The term “New College Shetland” is used in this report to describe the joint teaching, learning, research and any other skills development capabilities of Shetland College, Train Shetland and the NAFC Marine Centre.
2. The business model described below for “New College Shetland” is the aggregated potential activity for Tertiary education in Shetland. Therefore “New College Shetland” should not only be seen as shorthand for a new legal entity. It is also shorthand for the capacity and capability of any local arrangements working together, however that is achieved.
3. The wording of the draft vision and mission statements and objectives below emerged from a “Strategic Planning Workshop” facilitated by Highlands and Islands Enterprise and attended by members of the governance groups and senior management across the institutions involved in the review.
4. A report of that day’s activity, attendees and outcomes is available on the project internet site at <http://portal.shetland.uhi.ac.uk/ster> along with a range of other project documentation and background papers.
5. It was critical that common ground was established at that strategic level to allow further work to be undertaken. Clearly the new organisation will have to review and affirm any of these statements as part of its implementation.

### ***“New College Shetland” Vision and Mission***

6. These were suggested vision statements for the Tertiary sector in Shetland:
  - To be recognised as the leading provider of learning services, supporting industry and our community; and at the forefront of education, research, training and innovation in the creative, marine and energy sectors in Shetland;
  - To ensure that the appropriate mix of teaching and learning, to meet core social and economic needs, are delivered in Shetland alongside activity in a range of specialist areas where Shetland is recognised as a market leader; and
  - To ensure that the tertiary education partnership in Shetland is organised in the best possible fashion to ensure that the needs of learners, business and the community are consistently met and that high quality and good value for money are consistently achieved.

***“New College Shetland” Early Objectives***

7. These are suggested educational, financial and social milestones which could be used to measure the rate of early success, they are that:
  - Widespread agreement is reached about the mix of learning, teaching, research and other activity that we will pursue together with all our partners in the Tertiary Sector to meet the social and economic needs of Shetland;
  - The period of uncertainty about the future structure of tertiary education in Shetland is brought to an end by making a decision on the best organisational arrangements to sustainably deliver high quality educational outcomes and value for money;
  - Actions are progressed to take those arrangements forward and this is done professionally with proper consultation and communication with everyone concerned;
  - Our shared focus can move from review and restructuring to design and delivery of the best possible teaching, learning and research; and
  - The new arrangements consistently place learners at the centre of our activities and reinforce excellence, innovation, creativity and quality.

***Market Profile***

8. Shetland is a community and a market in its own right, with a resident population of approximately 23,000. There is a school leaver cohort of some 270 each year, and a potential adult learner population of c 18,000.
9. There are an estimated 13,500 people employed in Shetland in a local economy that turns over in excess of £1 billion per annum.
10. There are 1450 organisations in Shetland registered for VAT. At least 98% of these are micro sized businesses or small to medium enterprises (SMEs).
11. Shetland is part of the Highland and Islands region with a population of around 450,000 with Scottish, UK and world markets of proportionately higher numbers.
12. Shetland has three tertiary learning institutions at present, is part of the UHI network and has a variety of links with other learning providers in Scotland and beyond.

***“New College Shetland” – Proposed Curriculum and Activities***

13. It is essential that there continues to be an appropriate mix of learning and teaching to meet core social and economic needs available in Shetland. It is also desirable that alongside this more general curriculum there are a range of specialist areas where Shetland is recognised as a market leader.
14. The Shetland Community Planning Partnership, and its member organisations, are committed to make sure every young person gets the best start in life. Their strategic vision includes a determination that all young people have the opportunity to maximise their potential and are equipped with the skills they need to succeed in the modern world. Partners are also committed to supporting adults to develop new skills to help them access better job opportunities, and to help develop a workforce that meets the needs of local businesses.
15. To best achieve that, all institutions and organisations must work together. There must be more effective partnership-working between the local schools and tertiary education sectors, to ensure smoother transitions from school, into further and higher education and then onwards into work. We must forge strong partnerships locally, regionally and nationally. We must each recognise our strengths and weaknesses and blend them with our partners.
16. Learning opportunities should range across the full range of needs and interests including:
  - Skills that can better prepare young or older people for work including additional support needs;
  - Vocational opportunities for young people in secondary education;
  - Vocational learning beyond school through modern apprenticeships and similar;
  - Further Education learning from basic skills training to higher vocational qualifications;
  - Higher Education from individual modules to degree level and beyond;
  - Short courses to learn new skills or provide continuing professional development; and
  - Training and accreditation for compliance purposes.
17. It is also vital that all of the learning opportunities are of a very high quality and that they are cost effective to deliver.
18. It is essential that this broad range of opportunities are available to local learners but it is desirable that “New College Shetland” is recognised and renowned for a range of specialist areas where Shetland is a market leader.
19. The specialist areas would be expected to include areas where we have an established track record or a geographical or sectoral advantage and could include, but not be limited to, areas such as:

- creative industries especially textiles and music,
  - seafood,
  - marine science,
  - energy engineering
20. In all cases we are determined to have the highest possible quality of teaching and learning and deliver the highest quality of student experience when compared with other colleges and universities.
21. The challenge of providing a wide range of high quality courses cost effectively remains. The small size of the Shetland population will always limit the numbers of learners overall. The numbers of local students who elect to study individual courses will be probably be lower than the ideal break even points more often than they meet or exceed them.
22. This is a well-recognised issue in many communities across the UHI network, and indeed is one of the reasons why the UHI was put together in the way it was. Remote and dispersed communities need coherent teaching and learning approaches to overcome their challenges.
23. Innovative and flexible solutions need to make the most of all available resources in any location, In remote and distant locations it is even more critical to:
- maximise the flexible use of staff and property;
  - reduce overlap and duplication wherever possible.
  - further developing distance learning and remote delivery; and crucially
  - making sure the network supports each of its spokes and nodes effectively through collaborative planning, development and delivery.
24. All local institutions already participate in network design and delivery of aspects of their curriculum. The UHI recognises this approach must be deepened and broadened and “New College Shetland” must be an active player in that development.
25. “New College Shetland” must become the provider of a wider range of learning and teaching elements into the network and beyond. Equally it must take sound decisions about when learners would better benefit from accessing more external content as that is the appropriate way to ensure high quality learning is delivered cost effectively.
26. Existing staff already have the skills to make the appropriate judgements about the best way to deliver teaching excellence. Analytical tools which can

model income and costs, course by course, have been developed by Shetland Island Council's Finance Service, and can assist in this process.

27. A combination of professional expertise and these type of tools can be used to assist in the evaluation of the current curriculum, and with other content development techniques inform future activity, curriculum offerings and future year financial projections.
28. Detailed versions of current curriculums and an overview of research activity at Shetland College, NAFC Marine Centre and Train Shetland are included in the project library available on the project portal.

<http://portal.shetland.uhi.ac.uk/ster/SitePages/Home.aspx>

29. An overview of potential new course activity is also included in that library. These overviews demonstrate the sort of potential that is available for focused growth in tertiary education in Shetland if the opportunities available to us are pursued effectively.

### ***Additional Revenue Earning Capability***

30. Modern learning and research demands that there are strong links with business and commerce, both to promote the relevance of training and research to economic development, and to share skills, facilities and equipment.
31. Shetland is a very dynamic economy with high levels of activity and investment in nationally significant industries such as seafood and energy. Applied research, knowledge transfer and other consultancy services are already important particularly in the Marine area. Opportunities also exist to expand these further and find new commercialisation routes for college produced innovations.
32. To succeed "New College Shetland" will need to have the right balance of:
  - a culture of innovation - we need to look for business opportunities;
  - business skills - we can identify and exploit opportunities when they arrive; and
  - structure and systems - we have the right business organisation to trade effectively, generate profits and retain them within the business.
33. There is also a potential for improving the revenue earning and contribution capability of existing facilities including:
  - The Textile Facilitation Unit;



- Student catering facilities;
- Student residential accommodation;
- Library services; and
- Specialist consultancy services.

**SIC as a customer for Research, Economic Development and Policy Assistance services.**

34. There are a range of services provided by NAFC Marine Centre that have an economic development purpose. These include:
- Working with, and supporting, the Shetland Shellfish Management Organisation, including the provision of shellfish research and stock assessment, to enable the effective administration of the Shetland Shellfish Regulating Order;
  - Maintenance and development of the shellfish database and data collection programme;
  - Advice, information and assistance on fisheries, aquaculture, marine spatial planning and marine environmental issues to the Council;
  - High quality research in support of Shetland's maritime industries, with the intention of contributing to the sustainability of Shetland's marine resources and improving knowledge and understanding of the local marine environment;
  - Research on biology and stock health of marine fisheries and shellfish of commercial importance;
  - Short research projects on direct subjects of immediate concern (e.g. cod survey 2009);
  - Preparation and submission of externally funded research projects that are of direct relevance to Shetland and beyond;
  - Monitor national and European fisheries and marine environmental policy developments and circulate information as appropriate; and
  - Assist the Council in responding to consultations on legislative changes in fisheries policies – Scottish, UK and EU.
35. These are services that in the past have either been delivered directly by the Council's Economic Development service, or have been procured by it. If the NAFC Marine Centre did not provide these services then the Council would have to consider in-house delivery or alternative procurement.
36. Arriving at a precise value or cost for these services will be work which "New College Shetland" has to progress promptly. This would ensure that a proportion at least of the current deficit funding from Shetland Islands Council is replaced by research and consultancy services explicitly purchased by the Council, or by other bodies with similar interests.

37. There may also be research for economic development purposes carried out at Shetland College in the Creative sector, or others. Any such activity would also have to be identified, costed and covered by appropriate contracting arrangements.

**SIC as a Customer for Staff Training and Development Services.**

38. “New College Shetland” will have to establish a highly constructive working relationship in respect of short courses, CPD training, compliance and other training for Shetland Islands Council as a major local business and significant customer.

**SIC as a Customer for “Schools Education” Services.**

39. “New College Shetland” will also have to build on the close and expanding relationships with the Councils Schools services to ensure the requirements for joined up working under the curriculum for excellence are met through such initiatives as Vocational Pathways and the Shetland Learning Partnership academies. Further information of that potential development area is can be found within the background information on the project portal.

***Business Development and Marketing***

40. The tertiary education sector is already very competitive, and that competition is only likely to increase. All organisations operating in this sector have to be good at understanding student and business needs and presenting their products and service in an accessible and attractive fashion to meet those needs.
41. This will need a combination of face to face work with local businesses and students and the effective utilisation of other channels and mediums, particularly the increasingly important on-line communications tools.
42. Resources and activity in this area is very limited at the moment and is scattered across the three organisations. The development of a co-ordinated function with appropriately qualified and experienced staff is critically required.
43. The business development function will need to establish links with local and regional employers, local and regional governmental economic development agencies and others. They also have to be able to encourage the development and accreditation of academic and vocational courses that would meet local demand and generate revenue.
44. This is a model that is used by a number of Scottish technologically focused universities who employ such self-financing teams.
45. The work of this function would include creating an effective multi-channel marketing campaign to introduce “New College Shetland” to funders, key

stakeholders, potential students, and the public, and to maintain an appropriate level of continuing public awareness.

46. This team would also be critical in maintaining and developing the portfolio of brands which would make up “New College Shetland”. NAFC Marine Centre, Shetland College and Train Shetland all have positive brand aspects, and it makes business sense to retain and enhance any positive recognition and value from them.
47. In addition it needs to have both an inward and more commercial focus in order to:
  - Collect and disseminate information to the correct areas of the business. The UHI itself does not have a co-ordinated business service so this may be an opportunity for “New College Shetland”;
  - Network and participate internally to understand the capabilities of the new organisation and all aspects of its business;
  - Actively pursue opportunities in line with these capabilities and capacity, including completion and co-ordination of funding bids and commercial contract opportunities;
  - Participate with colleagues to establish effective systems to capture accurate financial data to effectively and profitably price work;
  - Monitor performance to learn lessons and adopt best practice including actual and budgeted costs on projects with colleagues; and
  - Have the ability to deal with any income made through trading in a tax efficient and legal manner.

### ***Legal Structure***

48. There are substantial financial advantages in “New College Shetland” being designated a Charity. This is the norm for Tertiary Education institutions. Technically legal status could either be a Company Limited by Guarantee or a Trust, both are tried and tested arrangements used by other colleges.
49. In order to undertake commercial contracts and exploit other commercial opportunities, the “New Shetland College” will require a separate trading arm function. That might need to be another new company, or it might be possible to use an existing operation.
50. “New College Shetland” would also need to have a legal structure that allowed the transfer of activity, assets, liabilities and staff etc. as required from the existing organisations. This might also be an issue of appropriate governance undertakings and obligations, but would be a matter of legal competence in the first instance.

51. That competence would need to allow the transfer of the appropriate parts of the NAFC Marine Centre, Shetland Island Council's Shetland College and Train Shetland operations, should that step be taken.
52. The legal structure of "New College Shetland" would also have to enable it to meaningfully manage financial obligations such as insurance, indemnity and pension arrangements as appropriate for employees, students and other customers. This may also be an issue for governance arrangements and financial structures.
53. The advantages and disadvantages of these various arrangements are considered in more detail in the accompanying "proposals report". For the purposes of this report it is assumed that the aggregated tertiary education activity is organised through a competent legal model.

### **Governance**

54. Effective governance is arguably the most important issue to get right for the long term well-being and effectiveness of any organisation.
55. Good governance:
  - promotes effective leadership and vision;
  - makes sure that the right opportunities and issues are identified and addressed;
  - sees that decisions are made when necessary;
  - ensures the interests of learners, staff and the organisation are monitored and maintained; and
  - provides the appropriate resources so that management is empowered to deliver the organisations objectives.
56. "New College Shetland" must have the right governance structure and must then :
  - attract people with the right skills and abilities to fulfil the various roles in that structure.
  - ensure there are arrangements in place to renew and adapt governance arrangements over time,
  - enhance the skills and knowledge of board members and managerial leadership,

- demonstrate accountability and transparency through a full understanding of the roles and the responsibilities of the posts and their boundaries, and
  - exhibit strong commitments to uphold the highest standards of public office.
57. “New College Shetland” will have to construct very effective governance arrangements, that is absolutely fundamental to success for the aggregated business model.
  58. The arrangements will also have to support its public accountability obligations and effective integration with partners in the UHI network and the Shetland Community Planning Partnership.
  59. “New College Shetland” would be expected to exhibit the same demanding standards of governance and scrutiny as existing UHI colleges. It would have to demonstrate adequate governance arrangements to ensure that it was a competently “fundable body” to ensure that the Scottish Funding Council (SFC) was able to award it SUM’s/Credits and any other SFC income.
  60. While it may not be required to achieve “incorporated” status it is likely that an independent “New College Shetland” would seek to meet most if not all of the tests that apply to “incorporated” status to promote best practice.
  61. It would also seem likely that “New College Shetland” might well seek some level of UHI / Further Education Regional Board and/or Shetland Partnership representation on its governing body to promote effective strategic and operational linkages.
  62. It might be necessary to include particular obligations or undertaking in the governance arrangements for “New College Shetland” to ensure that adequate continuity is maintained from the current institutions to a new body to effect transfer.
  63. These obligations might include nomination rights for governance membership from existing organisations, but that is more likely to be a choice rather than a requirement. In any case it will be very important to maximise the opportunity to draw on the best candidates possible to discharge governance functions. Therefore it would not seem in the best interests of the development of tertiary education in Shetland to artificially limit that pool.
  64. Getting the right governance arrangements in place for the sector is the first priority for this model to work. That governance must drive change and empower staff to work in new ways and deliver the changes required. They must prioritise quality and commercial realism, and that must be led from the top.
  65. The Implementation of an integrated operation must meet the requirements of the Cabinet Secretary for Education as regulated by the SFC. These arrangements are also quite specific in terms of the membership of the interim

“partnership board” which will steer the transition process. These arrangements are set out in Appendix c to the companion report on this agenda.

66. Following implementation, governance arrangements would be expected to feature a strong Board of Management with a mix of business, community, social and other relevant experience including effective arrangements for student and staff voices.
67. New governance arrangements would have to be fully compliant with best practice in this area, including appropriate regard to the Post-16 Education (Scotland) Act 2013.
68. This legislation is only mandatory for “incorporated” colleges, “New College Shetland” would not be expected to seek that status. However it is likely we would want to ensure all benefits of complying with this guidance were examined and understood.
69. The act states that the board of a college, which is not a regional college, is to consist of no fewer than 13 nor more than 18 members.

The board is to be comprised of—

- a person appointed by the regional strategic body to chair meetings of the board (the “chairing member”);
  - the principal of the college;
  - a person appointed by being elected by the teaching staff of the college from among their own number;
  - a person appointed by being elected by the non-teaching staff of the college from among their own number;
  - two persons appointed by being nominated by the students’ association of the college from among the students of the college; and
  - other members appointed by the regional strategic body.
70. Those “other members” would typically be expected to have valuable experience and skills from the commercial or community sectors and to provide a range and balance of age, gender and other diversity.

### ***Student Engagement Arrangements***

71. The student experience is rightly at the centre of all modern learning and teaching organisations. Shetland tertiary education has consistently provided a very good experience for learners and it is essential that this positive experience is continued in any new arrangement.
72. The UHI is currently focusing much work on this area and aim to put the student voice at the heart of all its activities. Currently a number of options around how students associations are organised within UHI to enhance the student voice are being circulated around both staff and students of all UHIs partners. Staff and students studying in Shetland have taken part in these

consultations. “New College Shetland” must make sure it implements the conclusions of this work.

### ***New Shetland College and the Commissioning process***

73. Small and remote communities will always have a challenge with commissioning processes which seek to completely separate the roles of providers and commissioners in areas like education and training.
74. Because of the limited numbers of technical and professional experts, arrangements have to be found that utilise the scarce expertise and knowledge of the suppliers of services, but retains accountability and transparency for the groups and organisations who need to define service quality levels and provide funding.
75. “New College Shetland” must operate in the right space created by effective commissioning arrangements that properly reflects the needs and aspirations of groups it serves (at all levels) but allow its expertise to inform and help shape those aspirations and the practicalities of their delivery.
76. Commissioning arrangements also have to include local, regional and national requirements, needs and wishes, and must be linked to the overall strategic objectives of key funders.
77. This should result in the ongoing identification of the blend of HE, FE, short courses and vocational training that are deemed to meet the demand and requirements of future potential students. This can only be done through effective engagement with local businesses, and equally effective engagement with those who have responsibility for setting educational strategy and priorities.
78. That activity is likely to work better where there is a shared understanding between all partners about where their individual responsibilities lie and agreement about how they best complement each other to be most effective at a local, regional, national and international level.
79. The most coherent route for these links to be solidly built and then maintained would be through the Shetland Community Planning Partnership. Current arrangements for the involvement and engagement of learning institutions in the Shetland Partnership are at best are mixed. However there now appears to be a clearer acceptance within the Shetland Partnership that skills, learning and research are key elements in promoting the well being of Shetland.
80. It would be expected that an effective “strategic commissioning” body would evolve from the partnership board that oversaw implementation. There would need to be a clear distinction between its membership, remit and obligations and the New College Shetland “Board of Management”.

## **Resources**

### **Property**

81. Shetland College, Train Shetland and NAFC Marine Centre currently operate out of premises in Lerwick and Scalloway and at some community locations.
82. These premises were in some part purpose built for further and higher education and in other aspects adapted and improved over the course of many years with the addition of a number of specialised and general facilities.
83. The total floor space of the three institutions are around:
  - 4000 m2      Shetland College
  - 600 m2      Train Shetland
  - 4800 m2      NAFC Scalloway
84. Some of the property occupied by the institutions is owned by the Shetland Islands Council, some by the SFCTC, with the remainder leased from Shetland Charitable Trust (SCT) through its property arm Shetland Leasing and Properties (SLAP).
85. In addition to the complexity surrounding the ownership of buildings, different parts of the land that the current properties are built on belongs to the SFTCT, SIC, SCT, and for some reclaimed land in Scalloway, the Crown Estate. Some property has also been funded by European grants with accompanying conditions.
86. The overall property costs across the three institutions are very high, especially in terms of annual rent. The buildings are also expensive in terms of energy, maintenance and other operational costs. Work is being undertaken between partners to establish whether it is possible to find ways to reduce both rental and other operating costs.
87. Some or all of these properties and/or leases could be transferred to a new independent organisation by assignation, assuming any issues of continuity of objectives could be met. Beyond that remaining lease term there would be a new flexibility and new set of options and opportunities for the Tertiary Education sector to evaluate what scale and type of facilities it required in Shetland.
88. There is no doubt that the current level of property costs poses a serious challenge to all partners. These property costs are currently met by Shetland Islands Council as part of their deficit funding support; however that is part of the arrangement that the Council is seeking to move away from. Action to progress a solution on this matter is therefore critical.



89. New College Shetland will also need to be clear about what kind of space it needs to best take forward its activities. That might be judged to be less than currently occupied, or have some particular different characteristics. In any case the needs of the operation would be expected to change somewhat over time and the organisation would need to have the capability to adapt to that change.
90. “New College Shetland” would also seek to take advantage of the most beneficial procurement models and methods for best value purchase of :-
- New build or adaptive building works
  - consumables,
  - contract services,
  - equipment,
  - utilities and
  - other administrative and academic teaching needs
91. This could also include a review of the alternatives to outright purchase i.e. leasing or longer term rental of some capital equipment for improving cash flow.

### **Staffing**

92. Any Teaching, Learning and Research fundamentally relies on highly professional and capable staff. The combined FTE staffing complements (occupied posts) of Shetland College, NAFC Marine Centre and Train Shetland have been reviewed together, and are summarised in the table below. Staff have been allocated to the function they predominantly operate in based on available information for this illustrative summary.

<b>FTE Staff</b>	<b>NAFC</b>	<b>Shetland College</b>	<b>Train Shetland</b>	<b>Total FTE</b>
<b>Teaching and Learning</b>	11.4	25.4	1.0	37.8
<b>Research &amp; Technical – Core</b>	13	5.8	3.7	21.5
<b>Research &amp; Technical – Project based</b>	8			8
<b>Business Support</b>	8.4	12.4	3.0	23.8
<b>Café</b>		1.9		1.9
<b>Management</b>	4	2.5	1.5	8
<b>Total FTE Staff</b>	45.8	47.5	8.7	102

93. It should be noted, however, that the resources in a stand-alone organisation are different from a service within a larger organisation, where some senior management and support functions such as finance, HR, legal and administrative services are provided from elsewhere in the organisation.
94. Altogether there are 8 senior management positions in the 3 institutions. As an overall number this might appear adequate to operate a business of this scale. Indeed that could be considered to be at the higher end of what should be needed in settled day to day operations for the overall number of staff and turnover.
95. The split of management expertise across business operation, learning and teaching, research and support would also appear to be generally balanced by professional responsibility, when taken as a whole across the three organisations.
96. There is a similar overall position for support staff. The total of 23.8 staff would also appear to be an adequate complement when the three operations are taken together as a whole in comparison to overall turnover.
97. While overall numbers of management and support staff appear adequate in gross terms, current arrangements do not easily allow for management or support expertise to be deployed flexibly between and across the three organisations. This would be more straightforward in an integrated operation, and could create potentially beneficial opportunities.
98. Exactly how these and other issues and opportunities are best resolved in detail will be a challenge for “New College Shetland” to address. It would not be realistic to expect integration to provide a full resolution in every case, but there would seem to be good potential for significant contributions to be made in a range of problems which are currently exacerbated by small staff numbers and demarcated work areas.
99. “New College Shetland” would inevitably have a development phase which would require significant management input as new functions and arrangements were established. It would be incumbent on all decision makers to make sure that phase was tackled constructively and effectively with input and participation from all staff.
100. It is more difficult to come to specific conclusions or recommendations regarding the appropriateness of numbers of learning, teaching and research staff within particular sections. This is heavily dependent on the details of their individual activities and expectations about higher or lower future demand. Given that the cognate areas of the local organisations don’t have much overlap, there are not the immediate opportunities that integrating similar teaching operations would give.
101. Workforce planning and activity to ensure that “New College Shetland” has the right numbers of staff with the right skills for it’s business will be an

ongoing requirement and it will be very important for the organisation to be flexible and responsive to changing needs.

102. There clearly are some very significant differences in the student / teacher ratios between courses and teaching areas. More effective participation in the UHI network through development and delivery collaborations with other partners may be a route that offers opportunity for gains in productivity and cost effectiveness in learning and teaching.
103. Making the best possible job of this local / network balance in development activity should be enhanced by the wider collaboration and support opportunities that working across the institutions would give locally. It should allow a larger cohort of staff working together and helping each other to understand and deliver the demands of new learning and associated developments.
104. There is undoubtedly also a need for a systematic evaluation of the quality / impact / outcome / cost-effectiveness of learning and teaching products informed by the professional expertise of teaching staff and by management evaluation systems.
105. On a more specific technical front, staff at the three establishments currently have a range of different contracts of employment, terms and conditions, and scope and limits to job descriptions. The transition processes from existing terms and conditions of employment to an aligned set within "New College Shetland" will be a significant task.
106. This will need to be managed with extreme care and sensitivity, including consultation with existing staff and unions from the earliest stages of planning and taking into consideration :-
  - Current staff contracts
  - TUPE legislation
  - Pension terms and conditions if transferred to a new legal entity
107. Each institution also has separate arrangements for staff and student performance management and supervision. "New College Shetland" would want to retain the very best aspects of any of these arrangements, but it would undoubtedly also want to bring them together. This would probably be best achieved using a proven model, representing recently endorsed best practice in the sector, providing a robust line of supervisory management and accountability.
108. "New College Shetland" must have a high performing team with the authority, capability and accountability to manage and administer college finances and produce the financial and management reports for senior management, the governance team, external regulators and other stakeholders, including :-
  - Education Scotland

- Scottish Qualifications Authority
- Scottish Funding Council
- Shetland Islands Council
- Quality Assurance Agency
- Skills Development Scotland
- Highlands and Islands Enterprise
- Office of the Scottish Charities Regulator

### ***Financial Information***

#### **Start-up and/or transition costs.**

109. It would be anticipated that there may be some staff transition costs. Some of those short term costs may be recoverable through long term savings.
110. Managing the transition in a professional fashion will have some associated costs for project management, specialist legal, HR and financial support, and due diligence activities. It is anticipated that the Scottish Funding Council, Shetland Islands Council, and the UHI will be able to supply most of that support either directly or indirectly from existing transformational change arrangements.
111. Maximising the opportunities provided by the integration activity in learning, teaching and research will also need some curriculum development and associated changes. It would be hoped that most of this activity could be delivered through the new working arrangements of an integrated operation, with possible contributions from the secondment to project based work for some existing staff, and external support from SDS, HIE and the UHI.
112. As stronger links are established with key industries and their commercial needs it might be possible for key commercial partners to contribute to transitional costs directly, or in kind.

#### ***Future Income and Expenditure Forecasts***

113. Two sets of Income and expenditure overview statements for the five financial years 2013/14 to 2017/18 are included as an appendix to this report. These are based on approved budgets for 2014/15 and 2015/16. Forecasts for future years are as adjusted by the Project Manager in line with the assumptions described below. The first set describes the levels of income and cost required to maintain an operation of a scale similar to the current set-up in terms of student numbers, teaching staff and research activity etc.
114. The second set describes a retrenchment to an operational level about 20% lower than at the moment. It represents the sort of difference between actual

student numbers in the last two years and the levels budgeted for through SFC support, the gap between SDS funding for Modern Apprenticeships and their actual cost and the failure to secure a full replacement of research and development deficit funding with contracted work.

115. This second set of financial projections are included to help compare how that kind of reduction in scale of activity would be dealt with by the alternative organisational models.
116. Both projections include a number of assumptions about the level of income growth that will be required, and/or the levels by which costs will have to be contained. An explanation as to why those assumptions have been used is included below.
117. The point of including the two models in this report is to allow observations to be made about how multiple operations or an integrated operation would address these circumstances. The ability to generate additional income or grow the business and the ability to reduce costs and contract the business as market circumstances change will be necessary going forward. Indeed it is being able to do those things well that creates long term sustainability in any operation.
118. Both models assume that Shetland Islands Council maintain a similar level of budget for the support and development of skills and learning and that budget is available to purchase products and services from “New College Shetland”. That budget level is calculated at c £1.4 m per annum, i.e. the current £2.1 million spend less rent and rates.
119. It is fully understood that SIC support of this area must move away from unhypothicated deficit funding, regardless of whether there is organisational change or not. At this stage it is assumed that c £1.4 m of products and services can be identified and their supply agreed. These agreements will have to demonstrate they meet the Council’s Best Value obligations in the use of public money, and that they are compliant with public procurement and state aid regulations.

### ***Current Scale Model***

120. In general terms it will be essential for “New College Shetland” to increase its income levels across all its activities and contain or reduce all significant costs to successfully attain this model.
121. Most critically however, the new operation would have to:
  - Return to target then grow student numbers sufficiently to ensure that Scottish Funding Council grant income targets were clearly being met. The whole regime for determining this arrangement is going through a process of

change, however there will still be a fundamental link between student numbers and core income. Return to current targets implies a growth in numbers of some 10% to 15%, therefore only an additional 2% growth has been modelled beyond that up to 2017/18. Returning to target will require all reckonable activity to be carefully recorded and claimed for. It will also require effective exploitation of opportunities in a range of areas including creative industries, engineering, hospitality and care to increase student numbers;

- Increase both commercialisation and core academic funding of research activity. This is reflected in a target of 5% growth in for contracts, research grants and consultancy income streams. It would also underpin a significant contracting or service level agreement business stream directly with the Shetland Islands Council, or bodies with associated economic development objectives, particularly in Fisheries and the Marine Sector. This targeted increase in explicitly commissioned activity would replace a component of previous deficit funding; and
  - Maximise all possible commercial teaching income from those organisations in Shetland who have most staff and most continuing professional development needs. This area also has a 5% annual growth target, to meet this “New College Shetland” would need to attract increased purchases by local businesses.
122. It will be just as necessary for “New College Shetland” to contain and reduce its costs, especially in areas where they do not directly generate income or support its key objectives.
  123. Staff costs are the biggest expense in the business, however highly capable and professional staff are the fundamental pre-requisite for the delivery of excellent teaching, learning and research. A 4% increase in overall staff costs has been included in this financial model as a reflection of competing cost pressures, for example National Bargaining, and efficiency opportunities.
  124. General observations around gross numbers do not provide the detailed insight required to guide specific items of business development. “New College Shetland” will clearly have to undertake much more in depth analysis of individual staff remits as part of its implementation process. That activity must be conducted transparently and with the involvement of all affected staff.
  125. There are bound to be some increased demands placed on an overall staffing complement during times of significant change. It is therefore likely that any additional capacity which the existing staffing structure might have will be needed one way or another during that time.
  126. The second key cost area to “New College Shetland” is property as discussed above. A full abatement of rental costs and 100% alleviation from business rates have been built into this forecast. That equates to a reduction in costs of c£750,000 per annum which is the total current bill for rent and rates.

Achieving that saving will depend critically on Shetland Islands Council actions and intent and on converting the whole operation to charitable status.

### ***Reduced Scale Model***

127. The reduced scale model assumes it will not be possible to increase income enough to support all the costs associated with current operations. This model therefore concentrates on the types of cost reduction required to balance forecasts.
128. However in this scenario the need still remains to maintain income levels at the best level possible.
129. A reduction in SFC funding and Tuitions fees etc. of 20% by 2017/18 is assumed, a standstill or reductions in income across other headings is also assumed. That could be the scenario if business development activity is ineffective and Sums / Credit funding levels are eventually reset to actual performance.
130. In this scenario it would be essential for “New College Shetland” to reduce its costs very substantially.
131. A 10% reduction in staff costs is included in this financial model, overall around c£0.5 million. That is probably above the level of natural turnover that would be expected within two years so it might be possible to achieve this without a more active programme of staff restructuring such as ER/VR etc.
132. The detailed analysis of where those reductions would need to be made would need more in depth analysis of individual staff remits as part of its implementation process. That activity must be conducted transparently and with the involvement of all affected staff.
133. The second key cost area to “New College Shetland” will be property. An elimination of rent and rates costs has been discussed above, in addition to that savings of 25% in other property costs has been built into this forecast. To achieve that would mean inevitably mean using less property which might be achieved by terminating leases, sales or letting/leasing to others.

### ***Common Areas for Both Models***

134. It must be a priority for the new organisation to ensure that all staff are deployed effectively to the best of their talent and abilities as quickly as possible. It must also be a priority to ensure that any areas which need strengthening are identified and addressed promptly.

135. Becoming independent from the Council could create challenges in some support areas, however it should also free up some financial resources currently allocated to recharges. There will also be opportunities to investigate cost sharing with the UHI in its emerging support service initiatives, and the decentralising of cross region functions. These transfers of costs are assumed to balance out in the financial projections.
136. The short, medium and long term financial viability of tertiary education in Shetland on its current scale is challenging. It will require the most strenuous efforts of all partners to achieve the right balance between income growth and the cost containment required.
137. Effective and profitable business relationships with key customers will be critical for ongoing income streams. Shetland Islands Council would be expected to continue to be one of those key customers, but that relationship will have to adapt to comply with any changing Council priorities and with public procurement regulations.
138. The aggregated financial model is predicated on Shetland Islands Council buying substantial amounts of research and knowledge transfer products and services to support economic development and that an integrated college operation would be successful in securing a significant share of that business. The model also contains assumptions that the Council will identify and meet costs associated with learning and skills that it wants to have delivered to meet its policy objectives where these are beyond simple market determined supply levels or costs. It also assumes that Shetland Islands Council will buy significant staff development and training services in line with its scale as a large local employer. Without these income streams, or replacing them with alternatives, the model would not be likely to be viable in this geographical location in the short and medium term at least.
139. These assumptions must recognise that the Council's economic development support measures and training plans will vary to meet its changing needs and that all Council procurement must be carried out in line with its procurement strategy which requires it to achieve Best Value.



***Implementation Plan***

140. Combining the NAFC Marine Centre, Shetland College and Train Shetland into one harmonious and effective educational institution will be a substantial challenge. It will require significant amounts of energy, a strong portfolio of skills and a good deal of resources to be deployed by the appointed change agents to ensure the process is managed well and the outcome is one that is supported and endorsed by all the stakeholders.
141. The decisions required and process for the implementation of “New College Shetland” are set out in the companion report.

**Ends.....**



**Income and Expenditure overview 2013/14 - 2017/18 - Maintain Scale**

<b>DRAFT 4</b>	2013/14 Actual	2014/15 Budget	2015/16 Budget	2016/17 Forecast	2017/18 Forecast	2 Year Change
	£000	£000	£000	£000	£000	%
<b><u>Income</u></b>						
Grants from Scottish Funding Council	2,031	2,339	2,337	2,360	2,384	2
Tuition Fees, Contracts & Other Grants	1,280	1,279	1,399	1,420	1,441	3
Research Grants and Contracts	358	324	515	528	541	5
Residential Income	92	92	91	92	93	2
Sale of Meals	85	82	84	86	88	5
Consultancy	136	133	223	230	237	6
Management & Service Fees	321	295	297	306	315	6
Other Income	435	428	364	375	386	6
Services Purchased by SIC			10	700	1,387	
Bank Interest	8	4	5	5	5	
<b>Total Income</b>	<b>4,746</b>	<b>4,976</b>	<b>5,325</b>	<b>6,102</b>	<b>6,877</b>	
<b>SIC Deficit Funding</b>	<b>3,295</b>	<b>2,372</b>	<b>2,172</b>	<b>1,030</b>	<b>0</b>	
<b><u>Expenditure</u></b>						
Employee Costs	4,968	4,589	4,825	4,922	5,020	4
Rent	520	553	520	260	-	-100
Rates	153	153	153	153	-	-100
Other Premises Costs	665	670	668	635	603	-10
Operating Costs	998	996	783	744	707	-10
Grants to Individuals/Organisations	26	4	4	4	4	-1
Marketing	45	40	14	17	20	40
Professional and Financial Fees	218	239	401	399	397	-1
Travel/Vehicle Expenses	67	105	128	127	127	-1
CFCR	375			-	-	
<b>Total Expenditure</b>	<b>8,041</b>	<b>7,348</b>	<b>7,497</b>	<b>7,132</b>	<b>6,877</b>	



**Income and Expenditure overview 2013/14 - 2017/18 - Income reduction**

<b>DRAFT 4</b>	2013/14 Actual	2014/15 Budget	2015/16 Budget	2016/17 Forecast	2017/18 Forecast	2 Year Change
<b><u>Income</u></b>	£000	£000	£000	£000	£000	%
Grants from Scottish Funding Council	2,031	2,339	2,337	2,220	2,109	-10
Tuition Fees, Contracts & Other Grants	1,280	1,279	1,399	1,329	1,263	-10
Research Grants and Contracts	358	324	515	489	465	-10
Residential Income	92	92	91	91	91	0
Sale of Meals	85	82	84	84	84	0
Consultancy	136	133	223	223	223	0
Management & Service Fees	321	295	297	297	297	0
Other Income	435	428	364	364	364	0
Services Purchased by SIC			10	500	1,000	
Bank Interest	8	4	5	5	5	
<b>Total Income</b>	<b>4,746</b>	<b>4,976</b>	<b>5,325</b>	<b>5,602</b>	<b>5,901</b>	
<b>SIC Deficit Funding</b>	<b>3,289</b>	<b>2,372</b>	<b>2,310</b>	<b>1,234</b>	<b>33</b>	
<b><u>Expenditure</u></b>						
Employee Costs	4,968	4,589	4,825	4,536	4,263	-12
Rent	520	553	520	260	-	-100
Rates	153	153	153	153	-	-100
Other Premises Costs	665	670	668	585	511	-25
Operating Costs	998	996	922	807	706	-25
Grants to Individuals/Organisations	26	4	4	3	2	-50
Marketing	45	40	14	18	22	50
Professional and Financial Fees	218	239	401	361	325	-20
Travel/Vehicle Expenses	67	105	128	115	104	-20
CFCR	375			-	-	
<b>Total Expenditure</b>	<b>8,035</b>	<b>7,349</b>	<b>7,635</b>	<b>6,836</b>	<b>5,933</b>	



## **Background**

1. This project follows on from a review of how governance and delivery arrangements for tertiary education, training and research in Shetland can be strengthened to enable it to secure a successful and sustainable future in a fast changing and very competitive environment.
2. That original review was conducted by Anderson Solutions<sup>1</sup>, it observed that the review was being:
  - “undertaken at a time when significant changes were occurring, including:
  - the implementation by SIC of an ongoing programme of budget reductions across all areas of activity with the aim of significantly reducing the financial commitments of SIC; and
  - the FE sector throughout Scotland undergoing a substantial and rapid reform programme driven by the Scottish Government.”
3. The Anderson review observed a range of problems including:
  - while there are significant strengths within the services and substantial value is being generated by the services for Shetland, recognition of the value generated is limited;
  - the model of delivery for these services is unduly fragmented, which creates substantial challenges and limits the success of the services in what is a small market place;
  - complexity and weaknesses within the governance of the services exacerbate the challenges created by the fragmented model and create barriers to development;
  - the context within which these organisations operate is changing fast and the capacity of the services to respond to both challenges and opportunities is poor; and
  - the funding cuts planned by SIC will increase the fragility of service provision unnecessarily, due to the fragmented and relatively weak nature of the services.
4. The Anderson review also observed that:
  - “even if SIC funding reductions were not a concern, change would still be recommended. The combination of weaknesses identified in the analysis of both the current and changing context is expected to continue to weaken the services over time.”

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<sup>1</sup> Anderson Solutions (Consulting) Ltd (May 2013) *Review of Tertiary Education, Training and Research in Shetland* Final Report

5. At its meetings on the 12<sup>th</sup> June 2013 and 30<sup>th</sup> October 2013 Shetland Islands Council considered the findings and recommendations of the Anderson Solutions review and:
  - “Resolved to support the establishment of a Project Board tasked with confirming the viability of a single governance and delivery model for the STERT [Shetland Tertiary Education, Research and Training] sector.
  - Key deliverables of the Project Board are to be the production of a detailed business model and implementation plan, for consideration by the Council and other relevant bodies.”

### ***Developments since 2013***

6. The contexts of public spending constraints and of further and higher education reform remain valid. However there have been some very significant changes across the sector since the Anderson Solutions report of May 2013.
7. There is a new piece of legislation, the Post-16 Education (Scotland) Act 2013, which is about creating better life chances for young people, preparing learners for work and giving them the tools that they need to be successful and contribute to sustainable economic development.
8. At a regional level, UHI is now the recognised body for all FE and HE funding to flow through, and the UHI Further Education Regional Board has a much stronger role than it had previously. It also has a new University Court and a new Principal
9. The UHI is currently completing a strategic planning exercise involving all senior managers in academic partners along with key UHI Executive Office.
10. Another very important recent change is the process of assimilation of Shetland Development Trust, currently being completed by Shetland Islands Council. One effect from this is the requirement for a fundamental change in arrangements for procurement of the sorts of products and services previously funded by Development Trust surpluses.

### ***Strategic Context***

11. Skills and knowledge have been consistently emphasised at the core of national, regional and local strategies for many years. They continue to be one of the key mechanisms seen as critical for individuals and communities to succeed in the modern world.
12. The table below summaries the strategic objectives of the main partners in this area:



**Scottish Government**

Our young people are successful learners, confident individuals, effective contributors and responsible citizens. <i>(National Outcome Framework – Smarter)</i>	We must join up the education experience for children, managing more effectively the transitions from pre-school to school and onto further and higher education or work. <i>(Education Scotland – Early Years Strategy)</i>	We are better educated, more skilled and more successful, renowned for our research and innovation. <i>(National Outcome Framework – Smarter)</i>	We must focus on working with employers and employees to increase the effective utilisation and demand for skills. <i>(Government Economic Strategy)</i>
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<b>HIE</b>	<b>SDS</b>	<b>Shetland Partnership</b>	<b>UHI</b>
We will support the provision of high quality further and higher education which equips young learners with the skills and knowledge to pursue employment opportunities. <i>(HIE Operating plan 2012-15)</i>	Deliver intensive support to those who need it most, particularly young people, to enable them to raise their aspirations and move more successfully between learning and work opportunities. <i>(SDS – Corporate Strategy 2012-15)</i>	Shetland has sustainable economic growth with good employment opportunities and our people have the skills to match. <i>(Shetland Community Plan 2013)</i>	We will attract and reach a diverse local, national and international student base and achieve high levels of student satisfaction and success. <i>(UHI Strategic Plan 2012-17)</i>
Work with industry and public sector partners to develop and pilot new models of industry-led training, supported by targeted further and higher education provision, as well as new apprenticeships allied to flexible training opportunities. <i>(HIE Operating plan 2012-15)</i>	Improve the way the skills and learning system responds to the needs of employers. Simplify the process of accessing training and getting involved with the skills and learning system. <i>(SDS – Corporate Strategy 2012-15)</i>		We will have a transformational impact on the development and prospects of our region, its people and communities. Our research excellence will be inspired by the natural environment, culture, industries and social infrastructure of the region. Its outputs will have national and international relevance. <i>(UHI Strategic Plan 2012-17)</i>

**Delivery for Shetland**

Better co-operation between industry, local and national government.	Reduced individual programme costs.	<p>Meeting the current and future skills needs of businesses</p> <p>More economically active people attracted to live and work in Shetland in skills shortage areas.</p> <p>Fewer businesses reporting difficulty in recruiting staff and accessing skills training</p> <p>Businesses reporting growth through expansion of their workforce.</p>
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***Project Approach***

13. Throughout this project Prince 2 best practice has been implemented and care will be taken to follow the SIC Policy for Organisational Restructure and other relevant policies and procedures when necessary during any following implementation of organisational change as a result of this review.
14. Details of the project structure are described in the Project Initiation Documents and engagement and consultation in the Project Highlight reports which are available as background documents.
15. For the purposes of this report “New College Shetland” is used to describe the “single governance and delivery model for the STERT [Shetland Tertiary Education, Research and Training] sector”. This does not imply there will necessarily ever be an organisation called “New College Shetland”, it is a shorthand for the joint working arrangements, whatever they are, needed to bring the sector together.



Education and Families Committee	27 April 2015
Employees JCC	27 April 2015
Shetland College Board	29 April 2015
College Lecturers JCC	29 April 2015
Policy and Resources Committee	04 May 2015
Shetland Islands Council	27 May 2015

## **Review of Tertiary Education in Shetland – Option Appraisal and Implementation Plan**

**Report No: DV-26-15-F**

**Report Presented by: Director of  
Development and Executive Manager Change  
Programme**

**Development Services Department**

### **1.0 Summary**

- 1.1 The Council considered options for the future organisation of Tertiary Education<sup>1</sup> in Shetland during meetings in 2013. It tasked a project team with “confirming the viability of a single governance and delivery model for the Tertiary sector” and the “production of a business model and implementation plan” for consideration by the Council and other bodies.
- 1.2 The companion report and its appendices on today’s agenda described the single governance and delivery business model.
- 1.3 This report sets out the implementation plan for that integrated model, and the decisions required to take that forward to the next stage.
- 1.4 It also provides a summary of the pros and cons of an independent operation, as compared to continuing with separate organisations, by considering how the alternative arrangements would deliver priorities, manage key risks and achieve best value.

<sup>1</sup> In this document the sole use of “Tertiary” includes Tertiary Education, Research and Training unless otherwise stated

## **2.0 Decisions Required**

- 2.1 That the Committees consider and comment upon the proposals in this report in relation to their functional areas or remit [as set out in Section 4.3 of this report], and RECOMMEND that;
- 2.2 The Shetland Islands Council RESOLVES, having taking account of the comments and views of Committees, to:
  - Establish a Partnership Board, with a membership, role and remit as set out in the Partnership Agreement [which is Appendix C to this report] as amended to reflect local circumstances under authority delegated to the Director of Development Services; and
  - Instruct the Partnership Board to present a Merger Proposals Report to a future meeting of the Council for approval.

## **3.0 Detail**

- 3.1 Appendix A to this report uses a priorities and risks approach to critiquing the pros and cons of the integrated business model.
- 3.2 Appendix B sets out the implementation process required to meet the requirements of the Scottish Governments Education Department as advised by the Scottish Further and Higher Education Funding Council (Scottish Funding Council or SFC).
- 3.3 Appendix C is a pro-forma describing the sort of Partnership Agreement that will be required to formally initiate the next stage. The example attached is the standard version provided as guidance by the Scottish Funding Council. It would need to be adapted in detail to reflect our local circumstances.
- 3.4 Appendix D summaries key obligations and duties of charity trustees, and the obligations on Councillors to achieve best value, to help ensure these obligations were properly considered.
- 3.5 The general conclusion of the option appraisal is that an integrated operation would be more likely to;
  - support key educational outcome objectives;
  - be more financially sustainable; and
  - be better placed to manage the biggest risks the sector is faced with in Shetland.
- 3.6 These conclusions are drawn from the option appraisal in appendix a and can be summarised around;

Clarity and co-ordination for learners, businesses and partners

- the chance to better identify and meet the needs of students and businesses by working together in a single organisation;

- the opportunity to co-ordinate strategy and business development ;
- greater clarity about funders and other partners needs and objectives being understood and met; and
- to be able to present a strong and united voice for the sector, locally, regionally and nationally.

Improved resilience and flexibility from of an increased scale of operation

- the better scale of operation achieved when the three operations are aggregated;
- opportunities for fragile teams to support and co-operate with each other; and
- opportunities for learning and teaching staff to mix, support and challenge each other more easily.

Modernisation to adapt to changing circumstances and adopt new best practices

- the opportunity to adopt the most appropriate governance arrangements for the sector;
- adopt new student and staff representation and participation arrangements; and
- the opportunity to avoid duplication and overlap in certain areas of managerial, administrative and physical resources.

- 3.7 The net result of these potential benefits flowing from an integrated structure would be to underpin existing educational excellence and allow it to be better sustained, and then improved, financially and organisationally.
- 3.8 The next step needed to progress this “in principle” decision, would be to initiate a formal “Partnership Agreement” under the auspices of the SFC in agreement with the SFTCT and University of the Highlands and Islands (UHI).
- 3.9 The Partnership Board created through that agreement would steer the development of a detailed “Merger Report” based on further evidence gathering and external due diligence and consultation. This activity would determine the precise shape of the new organisation and further clarify costs, risks, opportunities and other technical details to allow partners to make the final decision on whether any merger should actually happen and decisions about what it’s detailed form should be.
- 3.10 For the avoidance of doubt, this Partnership Board would not have authority to conclude any merger. That could only be done through final decisions of the partnering bodies, once the Cabinet Secretary for Education was content the proposals were competent.
- 3.11 The decision about proceeding to a Partnership Agreement that Shetland Islands Council and the Scalloway Fisheries Training Centre Trust are being asked to make, is presented in the context that the other party will also agree to proceed to that stage.

- 3.12 If only one, or neither, party resolved to proceed to that Partnership Agreement stage then that would constitute a material change in circumstances. Both organisations would then be expected to consider all other options to progress matters in this area.
- 3.13 Inevitably this process has required projections and assumptions to be made about what is likely to happen in the future, and what would be expected to happen if we did this or that. This always carries some risk and uncertainty; however there have been few, if any, alternative proposals about how the risks and priorities identified could be addressed by carrying on the way we are.

## 4.0 Implications

### Strategic

- 4.1 Delivery on Corporate Priorities – The review of Tertiary Education in Shetland links to the corporate priority of maximising the opportunities for further, higher and vocational learning opportunities, both for school leavers and for people returning to learning. These objectives are part of achieving the best start in life for everyone and supporting Shetland's communities and businesses, which are strategic priorities of Shetland Islands Council. The review also links to the parallel Council priorities of achieving best value in all our activities and living sustainably within our means.
- 4.2 Community /Stakeholder Issues – Staff, Students, Business and local, regional and national partners have been engaged with and consulted throughout this process. Implementing the recommendations of this review will require further consultation and engagement with partners including integration of any new governance arrangements with the Shetland Community Planning Partnership.

This report and the accompanying implementation plan is also being brought to meetings of the Shetland Fisheries Training Centre Trust.

- 4.3 Policy and/or Delegated Authority –

#### **Employees JCC and College Lecturers JCC**

To consider and offer recommendations on proposals requiring a Council decision, which affects or may affect the terms and conditions of employment of employees.

#### **Shetland College Board**

Support the operation and management of Shetland College and to monitor progress against the Council's approved strategic direction for Shetland College.

#### **Education and Families Committee**

Advise the Policy and Resources Committee and the Council in the development of service objectives, policies and plans concerned with service delivery within the functional areas relating to lifelong learning.

## **Policy and Resources Committee**

Advise the Council in the development of its strategic objectives, policies and priorities, and to be responsible for the development of cross departmental change including for example customer management, workforce deployment and asset management and health and safety matters.

## **Shetland Islands Council**

Determining the overall Goals, Values and Strategy Framework Documents or matters of new policy/strategy or variation of existing policy/strategy and establishment of any body to be part of the political management framework and all appointments to or removal from those bodies, are matters reserved to the Council.

- 4.4 Risk Management – The review project has followed Prince II best practice. All associated risk management arrangements will be recorded and managed in the Council's Risk Register system. The prime risk identified in recent assessments has been the length of time this area has been under review and the continuing negative effects uncertainty creates. This report therefore seeks to secure and build on progress already made, explain why some matters require further consideration but make sure that key actions are being actively pursued during that period.
- 4.5 Equalities, Health and Human Rights – The review has sought to ensure any equalities implications of proposals have been identified and considered.
- 4.6 Environmental – None

### Resources

- 4.7 Financial – The total cost of due diligence and consultation work required to complete the Merger Report is estimated at £120k. It is expected that the Scottish Funding Council will support this exercise through expert advice and a financial contribution. The detail of both of these are still being discussed at the time of writing but should be clarified by the time this report is being considered.

The detailed start-up costs for a new organisation is part of the work that due diligence would establish in the development of the Merger Report. That process will also clarify how those costs would to be met with the Scottish Funding Council.

- 4.8 Legal – Legal advice on the draft business model has been provided by Shetland Islands Council throughout the review with further specialised input from the Scottish Funding Council, Education Scotland - HMIE and the University of the Highlands and Islands. It is anticipated that all these sources of advice will continue to be available during further development of the model and into any implementation phase.

- 4.9 Human Resources - HR information and advice has been provided by Shetland Islands Council and SFTCT throughout the review, with further specialised input from the Scottish Funding Council and the University of the Highlands and Islands. It is anticipated that all these sources of advice, complemented by the due diligence process, will continue to be available during further development of the model and into any implementation phase. There have been opportunities for informal consultation with all affected staff through the stakeholder engagement process and this will continue. Formal staff consultation will take place in line with existing procedures of both organisations.
- 4.10 Assets and Property – Property advice on the draft business model has been provided by Shetland Islands Council throughout the review with further input from Shetland Leasing and Property Ltd. A specific work stream supported by all stakeholders has now been agreed to focus on taking this area forward as it has been agreed as being very important in making progress.

## **5.0 Conclusions**

- 5.1 The risks and issues used in the option appraisal have been observed and discussed for quite a long time. Our priorities and objectives for this area are also longstanding and shared with many partners, although they have become better focused recently.
- 5.2 We have now spent a long time reviewing this sector and have assembled a lot of evidence about how restructuring things might address those priorities and risks.
- 5.3 We have not however taken much action yet. If we believe a single governance and delivery model could yield benefits, we need to commit to the next stage in the process which would clarify that further.
- 5.4 We have been urged for some time both regionally and nationally to address our local arrangements for tertiary education and make sure they are fit for purpose and result in a coherent “Shetland Voice” for this sector.
- 5.5 This analysis adds to the evidence base that there are potential benefits in consolidating the three local operations together with a “single governance and delivery model”. This is consistent with the finding of earlier studies and suggests we should proceed to the next stage to obtain the further clarity it can offer.

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Date Cleared: 20 April 2015

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## Appendices

Appendix A – Priorities and Risks based Option Appraisal

Appendix B - Implementation Plan

Appendix C - Pro-forma Partnership Agreement

Appendix D - Statutory Roles

## Background Documents

A full set of background documents for this review can be found at

<http://portal.shetland.uhi.ac.uk/ster/SitePages/Home.aspx>



## **Option Appraisal**

The option appraisal set out below uses the three themes of **Priority**, **Risk**, and **Best Value** to bring together comparative analysis of about how a single integrated operation or separate organisations would be likely to perform against key criteria.

If an organisational structure is better placed to achieve its priorities, manage its key risks and build solid foundations in the areas that underpin best value, then that should be a strong endorsement of those arrangements.

### **Priorities**

The priorities used in the evaluation below are drawn from the strategic objectives of: the University of the Highlands and Islands, Shetland Community Planning Partnership, Skills Development Scotland, Highlands and Islands Enterprise, Highlands and Islands Regional Outcome Agreement, Highlands and Islands Skills Investment Plan, Shetland Skills Investment Plan, 5 Year Plan to Live, learn and Work in Shetland, NAFC Strategic Plan and Shetland College Strategic Plan.

### **Risks**

The risks have been drawn from: the risk analysis activity undertaken by Anderson Solutions as part of the production of their “Review of Tertiary Education, Training and Research in Shetland” report of May 2013; the risk register created in the Project Initiation documentation when the Tertiary Review project was overhauled in August 2014; the consultations with partners and stakeholders and the analysis of information and opinion during the review process.

### **Best Value**

The Best Value characteristics are a selection of the key components of the Best Value regime described in various documents issued by Audit Scotland and available at their website, <http://www.audit-scotland.gov.uk/work/toolkits/> Best Value is intended to provide a framework to test organisational arrangements across the public sector to help ensure the right foundations are in place for effective leadership, accountability, performance management and resource management. If these basics are sound it is far more likely that an organisation will do a good job and achieve its objectives.

**Summary**

<b>Priorities</b>	<b>Risks</b>	<b>Best Value</b>
<i>Meeting the Needs of Students</i>	<i>Reduced Income</i>	<i>Strong Leadership and Governance Arrangements</i>
<i>Strong Community and Business Benefits</i>	<i>Unsustainably High Costs</i>	<i>Staff Enabled, Developed and Rewarded</i>
<i>Focused Research</i>	<i>Governance &amp; Leadership</i>	<i>Strong Financial Management</i>
<i>Clarity for learners and business</i>	<i>Managerial</i>	<i>The Right Infrastructure</i>
	<i>Capacity to implement change</i>	<i>Appropriate Legal Structure</i>

**Theme 1 – Priorities**

<b><i>Meeting the needs of Students</i></b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
<ul style="list-style-type: none"> <li>• Listen to and work in partnership with students.</li> <li>• Provide accessible opportunities and flexible pathways.</li> <li>• Provide relevant curriculum developed in collaboration with employers and informed by research and scholarship.</li> <li>• Provide opportunities for work-based learning and develop employability and entrepreneurial skills.</li> <li>• Use technology to enable students, wherever they are based, to enjoy an engaging and interactive learning journey.</li> <li>• Support students to achieve to the best of their ability.</li> </ul>	<ul style="list-style-type: none"> <li>• The experience of students at all our existing tertiary education organisations would appear to be very good. If there is an issue and an opportunity it is around getting that message about the quality of the experience, and its distinctiveness, to learners who do not make Shetland their choice.</li> <li>• Small organisations can have very close relationships with their customers and all the existing organisations do that well. A single organisation would still be one of the smallest colleges in Scotland.</li> </ul>	<ul style="list-style-type: none"> <li>• A single integrated tertiary operation in Shetland will only improve student experience if its learning offer is better, is more flexible, is more accessible, is more relevant and is better marketed than currently provided by the individual operations.</li> <li>• That opportunity exists because of a potential to use the greater capacity of an integrated operation more effectively. That should be further enhanced by blending the community dimension of the learning experience, which a location like Shetland can deliver, with additional student support options available through a UHI scale organisation</li> </ul>
<b><i>Strong Community and Business Benefits</i></b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
<ul style="list-style-type: none"> <li>• Grow the sense of ownership of tertiary education and the organisations that deliver it in local businesses.</li> <li>• Grow community confidence in the prospects for young people using those organisations.</li> <li>• Support business to grow through staff training and development, and knowledge exchange and help create and support new businesses.</li> <li>• Attract students,</li> </ul>	<ul style="list-style-type: none"> <li>• It is not always easy to generate a strong “business” focus in governance arrangements which must comply with local authority rules or under governance arrangements which include significant local authority nomination rights.</li> <li>• Each organisation has very limited business development and business support capacity. These functions</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced “Business focus” is probably the criteria which most recommends that the functions of all three existing organisations are integrated together, and that integration clearly separates them from the Council.</li> <li>• The Shetland market where “New College Shetland” has to do much of its business is made up from a limited number of businesses, agencies and ultimately</li> </ul>

<p>researchers and staff through a distinctive approach, curriculum, research and pedagogy</p> <ul style="list-style-type: none"> <li>Respond to local needs, supported by regional resources where required.</li> </ul>	<p>have also been subject to periodic disruption in each organisation because of their dependence on individuals and vulnerability to cost savings demands.</p> <ul style="list-style-type: none"> <li>There has been no systematic co-operation or joint-working on these functions between the organisations.</li> </ul>	<p>individual learners. All of these need to be worked with in a coherent and consistent fashion, a conversation with one learning provider rather than three. Equally all of them need to be treated with commercial realism, matching the products and services on offer to their needs.</p> <ul style="list-style-type: none"> <li>An integrated operation would allow a much more robust Business Development / Business Support function to be established which could then more reliably support all areas.</li> </ul>
<b><i>Focused Research</i></b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
<ul style="list-style-type: none"> <li>research, consultancy and knowledge exchange will make a real difference to the local environment, to the business community, to the economy and to people's lives.</li> <li>research will be conducted on a financially viable basis and be properly integrated with supporting academic, commercial and professional networks.</li> </ul>	<ul style="list-style-type: none"> <li>There would appear to be general agreement that much interesting and important work has been, and continues to be done in Shetland. However, there is less clarity that this has been fully commercialised or most effectively supported through mainstream academic funding arrangements in the past.</li> </ul>	<ul style="list-style-type: none"> <li>It does not seem likely that simple local merger transforms this area, equally it should not intrinsically damage activity. However a refocused governance function is probably a key requirement for any significant step change, and would underpin a clearer commercial focus.</li> <li>Ultimately that rigor should help clarify how far there are research products and services that can be produced in Shetland which the local public sector, i.e. Shetland Islands Council can justify purchasing or how far other commercial customers can be found, or how far research can be mainstreamed to core regional and national funding arrangements.</li> </ul>

		<ul style="list-style-type: none"> <li>It would appear more important that closer links are forged with other research and knowledge transfer activities within, and beyond, the UHI. This should both support the up-scale development of current activities, and help identify and secure new commercial and academic opportunities. That is more likely to be successfully managed through an academic organisation rather than a local authority.</li> </ul>
<b><i>Clarity for Learners and Business</i></b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
<ul style="list-style-type: none"> <li>Clear and accessible information about learning opportunities and how to access them.</li> <li>Clarity about how learning opportunities fit together, how one activity can lead to the next and how that can be supported.</li> <li>Provide relevant curriculum developed in collaboration with employers and informed by research and scholarship.</li> <li>Clarity about options to access courses locally, through the network, in and out of work and through technology.</li> </ul>	<ul style="list-style-type: none"> <li>Separate organisations can be very focused on the products and services they provide themselves. It can be more difficult for them to fit those together to support progression right through learning.</li> <li>Equally separate organisations can focus very well on what they can provide a business from within their range of services but not be so well placed to provide the more complete picture.</li> </ul>	<ul style="list-style-type: none"> <li>A single integrated tertiary operation in Shetland will still only have a small number of students and businesses to deal with. It will however be much better placed to look at the full range of learning and skills development requirements of both individual learners and businesses in a complete fashion.</li> </ul>

**Theme 2 – Risks**

<b><i>Risk Area</i></b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
<b><i>Reduced Income</i></b>		
<ul style="list-style-type: none"> <li>Low student numbers, depressed fee income and risk of reduced / clawed back core national funding</li> </ul>	<ul style="list-style-type: none"> <li>Ultimately it would seem likely that each organisation would have to compete more directly for the limited pool of available students to try to best address this issue for themselves.</li> </ul>	<ul style="list-style-type: none"> <li>It would be more straightforward to co-ordinate relevant staff across the three organisations to produce shared business development initiatives and make sure activity was complementary rather than competitive.</li> <li>A single organisation would be better placed to aggregate activity and ensure that underperformance in one area was compensated for by over performance in another.</li> </ul>
<ul style="list-style-type: none"> <li>Imminent ending of SIC deficit funding arrangements for 2016/17 and beyond.</li> </ul>	<ul style="list-style-type: none"> <li>Each organisation would have to establish how far it was possible for it to negotiate a new funding relationship with the Council.</li> </ul>	<ul style="list-style-type: none"> <li>An integrated independent operation would place all SIC funding on the same basis and allow for greater clarity and focus about the ability of local Tertiary Education to provide products and services that delivered the local outcomes and objectives the Council is seeking to achieve.</li> </ul>
<ul style="list-style-type: none"> <li>Uncertainty about SIC contracts as a customer for research and for staff development services.</li> </ul>	<ul style="list-style-type: none"> <li>Securing a range of these contracts are very important for each organisation and they would have to work hard separately to ensure these are won. That might place them in competition with each other.</li> </ul>	<ul style="list-style-type: none"> <li>An integrated independent operation would place all SIC funding on the same basis and allow clarity about local outcomes and objectives to be supported.</li> </ul>
<b><i>Unsustainably High Costs</i></b>		
<ul style="list-style-type: none"> <li>Very high property costs</li> </ul>	<ul style="list-style-type: none"> <li>Ultimately rent levels will</li> </ul>	<ul style="list-style-type: none"> <li>An integrated operation</li> </ul>



<b><i>Risk Area</i></b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
across rent, rates, maintenance and heating.	<p>depend on Shetland Islands Council's negotiations with Shetland Charitable Trust and then on subsequent SIC decisions.</p> <ul style="list-style-type: none"> <li>Shared arrangements around other property costs and management would seem to be complex without integration.</li> </ul>	<p>would allow the Council to take a more strategic view around the final outcome of property negotiations.</p> <ul style="list-style-type: none"> <li>Transfer to a charity would attract rates relief of c£150,000 on Shetland College and Train Shetland properties.</li> </ul>
<b><i>Governance and Leadership</i></b>		
<ul style="list-style-type: none"> <li>Local independence and self determination</li> </ul>	<ul style="list-style-type: none"> <li>Separate organisations with their own constitutions and decision making processes allow for highly independent decision making in principle. That needs to be balanced by the capacity of each organisation to actually sustain any position in the network of partnerships and linkages it has to operate in.</li> </ul>	<ul style="list-style-type: none"> <li>A single operation would be obliged to demonstrate best practice in its arrangements but would no longer be part of the Council or have to accept nomination rights from it for board membership. Its larger scale and capacity to be a single voice for Shetland should help underwrite it's regional and national influence.</li> </ul>
<ul style="list-style-type: none"> <li>Poor strategic planning and weak links to Shetland Partnership</li> </ul>	<ul style="list-style-type: none"> <li>Not clear how this could be fundamentally different without a complex set of arrangements created to mirror merged governance.</li> </ul>	<ul style="list-style-type: none"> <li>An aggregated operation would better enable strategic leadership of tertiary education in Shetland and play a much fuller role in the Shetland Partnership.</li> </ul>
<ul style="list-style-type: none"> <li>Limited current exploitation of the potential from UHI links</li> </ul>	<ul style="list-style-type: none"> <li>While individual initiatives might arise for one individual organisation or another, it is not clear how this would be fundamentally different.</li> </ul>	<ul style="list-style-type: none"> <li>An integrated operation should be better able to target it's shared resources on areas of specific interest.</li> </ul>
<ul style="list-style-type: none"> <li>Patchy governance performance and mixed</li> </ul>	<ul style="list-style-type: none"> <li>Individual organisations might be able to modify</li> </ul>	<ul style="list-style-type: none"> <li>Creating a new operation would allow best practice</li> </ul>

<b><i>Risk Area</i></b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
track record in decision making	their governance arrangements to some extent but without externalisation the Council could not fundamentally change how they run Train Shetland and Shetland College.	in educational governance to be implemented.
<b><i>Managerial</i></b>		
<ul style="list-style-type: none"> <li>Issues regarding financial administration and student records administration.</li> </ul>	<ul style="list-style-type: none"> <li>Limited staff numbers in each organisation would have to continue to seek to meet the sometimes contradictory needs of multiple funders/governance within their limited capacity.</li> <li>Public sector accountability requirements, whether through local government or Further/Higher education are only likely to become more onerous. That is likely to exacerbate competing demands like the Financial Year v Academic Year where there are two conflicting governance regimes in play.</li> </ul>	<ul style="list-style-type: none"> <li>It would be much easier to use the NAFC skills in core financial management of an independent organisation and Shetland College skills in student records to help address any challenges and shortcomings if they were part of the same organisation.</li> </ul>
<b><i>Capacity to Implement Change</i></b>		
<ul style="list-style-type: none"> <li>Negative effects of uncertainty over future</li> </ul>	<ul style="list-style-type: none"> <li>A categorical statement that restructuring was off the table for a specific number of years would provide certainty on one level. It would however have to be accompanied with an explanation of how the existing structural issues and</li> </ul>	<ul style="list-style-type: none"> <li>Commitment to an integration process would continue some detailed uncertainty regarding some details for specific individual but would generally give a clear signal of the intended solution.</li> </ul>

<b><i>Risk Area</i></b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
	risks were going to be resolved.	
<ul style="list-style-type: none"> <li>• Having to reduce the amount of property occupied because it was underutilised or unaffordable (say down by 25% on reduced scale model),</li> </ul>	<ul style="list-style-type: none"> <li>• Each organisation very strongly identifies its operation with a very explicit property and location. Reducing scale of any of those independently would be very challenging both technically and psychologically</li> </ul>	<ul style="list-style-type: none"> <li>• While reductions would still be challenging it would seem more likely that achievable options could be designed and implemented.</li> </ul>
<ul style="list-style-type: none"> <li>• Having to significantly reduce the number of staff because there was not enough income to cover costs (say down by 10% on reduce scale model).</li> </ul>	<ul style="list-style-type: none"> <li>• With very small numbers of staff in each operational area any staff reductions potentially damage particular capabilities very seriously, creating stress points and potentially points of educational failure.</li> </ul>	<ul style="list-style-type: none"> <li>• Again the problem would remain very difficult to cope with but a larger overall staff group would offer somewhat greater flexibility.</li> </ul>

**Theme 3 –Best Value**

<b><i>Strong Leadership and Governance</i></b>		
<ul style="list-style-type: none"> <li>• be established with the right technical governance structure</li> <li>• ensure it has people with the right skills and abilities to fulfil the various roles in that structure.</li> <li>• ensure there are arrangement in place to renew and adapt governance arrangements over time,</li> <li>• enhance the skills and knowledge of board members and</li> <li>• demonstrate accountability and transparency through a full understanding of the roles and the responsibilities of the posts and their boundaries strong commitments to uphold the highest standards of public office</li> <li>• ensure that the student voice is central to the decision making processes in governance and in academic management.</li> <li>• engage with regional and local stakeholders to ensure that their needs and expectations are reflected in our plans and activities.</li> <li>• fully engage with Community Planning Partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• All the evidence provided through the review process agrees that Shetland College board members and NAFC Marine Centre trustees have worked hard to promote the interests of their respective organisations and help students get the best outcome they can. Criticism has come around the lack of alignment between the strategic directions of the two governing bodies, and the difficulty in clearly identifying the governance layer for Train Shetland</li> <li>• Unavoidable Council governance obligations also create significant impediments and duplication for Shetland College. This is most obvious around it having to produce financial and other performance management information on two different calendars. This is at best inefficient, but much more damagingly very confusing for all scrutiny and planning purposes.</li> <li>• NAFC governance and associated arrangements have not resulted in that organisation being granted “fundable body” status which creates limitations in some aspects of regional and</li> </ul>	<ul style="list-style-type: none"> <li>• There is no doubt that the board members and trustees of Shetland College and NAFC Marine Centre have served further and higher education well in Shetland. It would now appear that a further development of the governance of this area is required to meet the challenges of coming years and ensure the vision and achievement of the part are built on and not dissipated.</li> <li>• Creating new governance arrangement outside the Council creates the opportunity to address governance issues and implement a new structure that reflects current best practice and affords fundable status to all areas.</li> </ul>

	national funding.	
<b><i>Strong Financial Management</i></b>		
<ul style="list-style-type: none"> <li>• understand its income sources and its costs and ensure that they are monitored and managed actively.</li> <li>• ensure that actions are identified and taken to improve the financial viability of those activities which lose money, or they are reduced or phased out.</li> <li>• ensure actions are identified and taken to identify, expand or initiate surplus generating activities</li> <li>• understand overhead and operating costs, and how their levels can be managed to be cost effective for the business.</li> <li>• develop a range and balance of funding streams from a wide range of sources.</li> <li>• seek to generate some surpluses from profitable activities, over the medium to long term, in order to build reserves and support investment.</li> </ul>	<ul style="list-style-type: none"> <li>• The three individual operations have demonstrated progress on closing the income / cost gap over recent years. However, we are probably close to, if not at, the point where further incremental cuts damage the fundamental integrity of the operations and the capacity to generate income, as much as they achieve savings.</li> <li>• Under the current arrangements financial reporting is complex and not well integrated. It has to meet the Councils needs to produce management and financial accounts on the basis of financial years and also produce UHI and SFC accounts for the academic year.</li> <li>• Financial reporting for the three organisations is not brought together on any regular basis.</li> </ul>	<ul style="list-style-type: none"> <li>• A single operation creates a new set of opportunities to rationalise management and support activity, including financial reporting, and deliver a valuable and genuine set of efficiency gains</li> <li>• A sharpened focus, and enhanced capacity and skills in business development, commercial pricing and industry lead training are necessary components for improved financial viability. That would be helped by moving the operation away from Council trading arrangements and restrictions.</li> <li>• It seems likely that those changes would need to be backed by a network of support to develop and deliver new products and services with the investment in time, expertise, and money to follow through on that enhanced marketing activity. That capacity would be more likely to be available in a single organisation.</li> </ul>
<b><i>Staff Enabled, Developed and Rewarded</i></b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
<ul style="list-style-type: none"> <li>• support staff in the development and delivery of high quality learning.</li> <li>• provide learning opportunities for staff</li> </ul>	<ul style="list-style-type: none"> <li>• There is no doubt there are many highly committed and able staff across the three organisations with great experience and expertise in their roles. It is less</li> </ul>	<ul style="list-style-type: none"> <li>• Very small numbers in specialised areas also challenge any organisations ability to create and deliver development and progression paths for its</li> </ul>

<p>development, including a leadership development programme.</p> <ul style="list-style-type: none"> <li>• have in place suitable employment arrangements to attract, reward and retain high quality staff.</li> </ul>	<p>clear that all these staff are being utilised to best effect, or that they are able to consistently concentrate on their respective duties.</p>	<p>staff. Even when part of a larger organisation, like the SIC, those paths are not necessarily available if the larger organisation is engaged in a different business activity.</p> <ul style="list-style-type: none"> <li>• Any staff transferring would be protected by TUPE obligations but in time would expect a harmonisation with local colleagues, and potentially with other UHI institutions.</li> </ul>
<b>The Right Infrastructure</b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
<ul style="list-style-type: none"> <li>• have suitable premises for teaching, learning and research which it can afford to use</li> <li>• provide more residential accommodation if a sound business case is made for that.</li> </ul>	<ul style="list-style-type: none"> <li>• The three separate organisations have evolved their own properties, each with complex multiple ownership and rental arrangements.</li> <li>• Premises are not shared routinely to meet needs.</li> <li>• The level of these property costs are very challenging for all three organisations and will need significant input from Shetland Islands Council.</li> <li>• Separate organisations have a reduced capacity to plan for or deliver student accommodation independently.</li> </ul>	<ul style="list-style-type: none"> <li>• A single operation could look at its property needs and options across the whole estate which would provide greater flexibility.</li> <li>• Shetland Islands Council could take a more strategic view about any medium term resolution for the property issue with a single organisation.</li> <li>• A single organisation could plan, campaign for and share student accommodation more straightforwardly.</li> </ul>
<b>Appropriate Legal Structure</b>	<b><i>Separate Organisations</i></b>	<b><i>Integrated Operation</i></b>
<ul style="list-style-type: none"> <li>• be legally competent to carry out its purpose</li> <li>• have charitable status to best manage tax and other liabilities and an opportunity for individual and corporate</li> </ul>	<ul style="list-style-type: none"> <li>• Being part of a local authority and subject to its legal obligations and requirements at best complicates Shetland College and Train Shetland's operations.</li> </ul>	<ul style="list-style-type: none"> <li>• "New College Shetland" would probably be most effectively achieved using the existing SFTCT organisation as a host, this may be particularly significant in managing transitional costs relating</li> </ul>

<p>philanthropy from local and other benefactors</p> <ul style="list-style-type: none"> <li>• have a mechanism for facilitating the transfer of assets and liabilities from the current organisations to the new entity</li> <li>• have a mechanism for commercial trading to allow profits to be earned and retained within the organisation</li> </ul>	<ul style="list-style-type: none"> <li>• They cannot access charitable status reliefs and are limited in some commercial operations.</li> </ul>	<p>to pensions.</p> <ul style="list-style-type: none"> <li>• Among others; the Scottish Funding Council and the Scottish Government Education Department would have to be satisfied that the new body met their tests to be considered “fundable”; the Scottish Qualifications Agency would need to be satisfied it was competent to make awards; OSCR would need to be happy about a transfer involving a charity and; the Scottish Public Pensions Agency would also need to be content that the new body could conform to pensions legislation.</li> </ul>
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## **Outline Implementation Plan**

Proposals for merger between Tertiary Education institutions in Scotland have to comply with the requirements set out by the Scottish Funding Council. These requirements are described in detail at

<http://www.sfc.ac.uk/guidance/mergers/MergerGuidance.aspx> ,

the principle stages of the process are as described below.

### **Step 1**

Partners formally agree they want to pursue matters to the next stage, and grant appropriate delegated authority to establish a “Partnership Board” in compliance with the standard “Partnership Agreement” (Appendix c is a pro-forma for that agreement).

### **Step 2**

A “Merger Report” is developed covering the following areas.

#### **1 Vision, aims and objectives**

- Why the institutions are proposing merger and what purpose it will serve
- The overall vision and objectives of merger, including the educational benefits envisaged
- How the proposal relates to the institutions' strategic plans

#### **2 Options appraisal**

This section should demonstrate how the institutions have arrived at their preferred option. If a formal options appraisal has been carried out the institutions should include a resume of the options considered, and indicate why a particular option was chosen.

#### **3 Evidence**

The Scottish Funding Council needs to understand the evidence in support of the merger proposal, which should include

##### **3.1 Academic benefits**

- The quality, relevance, efficiency of provision in teaching, research and knowledge transfer, where applicable, will be safeguarded/enhanced
- The quality of the student experience will be at least maintained or enhanced
- The range/breadth of provision and qualifications will be appropriate to meet the needs of learners, stakeholders and the economy
- The specialist facilities and profile will be safeguarded/enhanced

##### **3.2 Implications for tertiary education in Scotland**

- The fit to local/regional/national and international needs
- Other benefits such as improved student access
- Location of proposed campus(es)/sites appropriate to meet needs
- Accountability to stakeholders (local/national) provided for
- Impact on other institutions, community learning and development, other providers and local authorities (local/national)

### 3.3 Financial benefits

A detailed financial plan assessing the financial implications of merger (i.e. one-off costs required to facilitate merger, future recurrent costs/income of the merged institution, resources released, opportunities to grow the business and any savings expected)

- Improved value-for-money
- Efficiencies
- Impact on financial health of partners
- Space utilisation/quality of premises no less adequate or enhanced
- Changes in expenditure distribution (research, teaching, support, premises, management) expected
- Impact on institutions of not proceeding

### 3.4 Issues arising from consultation

- Students
- Trades unions
- Staff (including terms and conditions)
- Local communities
- Other stakeholders and providers (schools, institutions, community learning and development etc)

### 3.5 Strategy

This section should address the merged institution's broad intentions for:

- The learning and teaching, and research and knowledge transfer strategy;
- Staffing issues: including restructuring plans, harmonisation of terms and conditions
- Student issues: integration of student representation, projected student numbers
- Estates issues: including an options appraisal discussing all reasonable options for future use of the existing estates
- Intentions for systems integration, including ICT

### 3.6 Governance and management

This section should include:

- The proposed title of merged institution, where agreed
- The intended management arrangements for the merger and beyond
- The intended communications arrangements, both internal and external up to and following merger
- A proposed implementation timetable
- A risk assessment to cover all aspects of the merger, including a contingency plan
- The key measures of success through which the new institution can judge whether the merger has been successful
- The funding required to enable and implement the merger, including a proposal for strategic funding from the Council where necessary

A lot of the information already gathered during the tertiary review will be useful in the compilation of the Merger Report but there will be a good deal of additional work to do.

That work would include external due diligence on finances, property, contracts and HR arrangements.

### Step 3

The Cabinet Secretary advised by the SFC approves the proposed merger as described in the merger report.

### Step 4

The partner organisations make the final decision as to whether to go ahead with the merger.

### Timeline

The main timeline for the establishment of “New College Shetland” would include:

Item	Timescale
Agreement by Shetland Islands Council in principle that Shetland College and Train Shetland activity should transfer to an independent “New College Shetland”	May 2015
A decision in principle by the SFTCT that NAFC Marine Centre activity should transfer to “New College Shetland”	May 2015
Confirmation from the Scottish Funding Council that they are content for this process to be embarked on and confirmation of how they will support the process	May 2015
Confirmation from the UHI that they are content for this process to be embarked on and how they will support the process	May 2015
Establishment of the Partnership Board	June 2015

Creating the Merger Report <ul style="list-style-type: none"> <li>• the commissioning of professional advice and support for the pre-merger phase</li> <li>• the planning of the merger including undertaking necessary due diligence;</li> <li>• the preparation of the merger proposal document;</li> <li>• consultation on the merger;</li> </ul>	June to October 2015
Final decisions on go-ahead	October 2015
Implementation	For August 2016

### **Pre-merger funding requirements**

External Due Diligence	-	£30,000
Commissioning professional advice and support (Legal, Property, HR, Pensions)	-	£30,000
Project Management	-	£40,000
Project Administration and Business Support	-	£20,000

**Partnership Agreement**

1.	Parties	INSERT COLLEGES/UNIVERSITIES  (together, the " <b>Colleges</b> ").
2.	Purpose	The Colleges have agreed in principle to develop a proposal for a merger of ***** colleges.  The Colleges have agreed to the following key principles and terms set out in this document (" <b>Agreement</b> ") which will provide a framework within which progress towards and preparations of a proposal for merger will now take place.
3.	Commitment	The Colleges agree that developing a proposal for merger is their preferred strategic option. Subject to the outcome of financial due diligence and consultation with staff, students and other stakeholders they shall work together in good faith and in a collaborative and constructive manner to undertake necessary preparations, and enter into any appropriate agreements in order to achieve merger.
4.	Timescale	The Colleges agree to work towards a deadline for a merger proposal at ***** subject to necessary approvals and agreement of the Scottish Funding Council and Scottish Government.
5.	Establishment of Partnership Board	<p>Upon agreement of this Agreement, the Colleges shall establish a joint committee with representatives from each College to work towards agreeing the merger proposal. This joint committee shall be called the "<b>Partnership Board</b>".</p> <p>The core membership of the Partnership Board shall comprise the following representatives:</p> <ul style="list-style-type: none"> <li>• the Chair of each College;</li> <li>• the Principal of each College;</li> <li>• one additional member from each College board; and</li> <li>• one staff representative from each College</li> <li>• and one student representative from each College.</li> </ul> <p>The Chair of the Partnership Board shall be *****.</p> <p>The Vice Chair of the Partnership Board shall be *****.</p> <p>Should any of these representatives be unable to attend a meeting, their college shall be entitled to nominate a substitute</p>

		<p>board member.</p> <p>The Scottish Funding Council shall be entitled to attend meetings of the Partnership Board as an observer. Such an observer will have no vote at any board meeting.</p>
6.	Operation of Partnership Board	<p>The Scottish Funding Council shall provide secretariat support to the Partnership Board until merger is complete</p> <p>The Partnership Board may, at its discretion, invite other attendees to attend board meeting including, for example, senior staff from the Colleges and project managers for the merger. Such attendees will have no role at any board meeting.</p> <p>The Partnership Board shall provide reports to the boards of each College.</p>
7.	Authority of the Partnership Board	<p>Authority to take the following actions, decisions, and preparation shall be delegated from the Colleges to the Partnership Board for:</p> <ul style="list-style-type: none"> <li>• the preparation of the merger proposal document;</li> <li>• consultation on the merger;</li> <li>• the planning of the merger including undertaking necessary due diligence;</li> <li>• the allocation and spending of any funding from the Scottish Funding Council for the pre-merger phase;</li> <li>• the commissioning of professional advice and support for the pre-merger phase using the funding above; and</li> <li>• making any prospective appointments to posts in the new college.</li> </ul> <p>Any other delegations of authority by the Colleges to the Partnership Board will be taken at College Board level and formally recorded, for the avoidance of doubt.</p> <p>For the avoidance of doubt, the following decisions shall be deemed to be beyond the authority of the Partnership Board:</p> <ul style="list-style-type: none"> <li>• final decision as to go-ahead with the merger; and</li> <li>• spending over and above any pre-merger funding allocated by the Scottish Funding Council.</li> </ul>
8.	Funding	<p>The Scottish Funding Council shall provide funding to support the pre-merger discussions.</p> <p>The terms and conditions of this funding will be set out in a letter from the Scottish Funding Council to one or both of the colleges. The Partnership Board will be required to comply</p>

		with any such terms and conditions.
9.	Consultation	The Colleges shall each be responsible for carrying out a full consultation with its own students and staff in respect of the proposed merger. However the Colleges will work together to ensure such consultation exercises are conducted in a consistent way and in the same, or similar timeframes.
10.	Pre-conditions/ approvals required	The Colleges shall work together constructively and expeditiously to obtain the approval of the Scottish Government and Scottish Funding Council to the merger and any other formal approvals required eg the Office of the Scottish Charity Regulator.
11.	Due Diligence	The Colleges shall co-operate fully with each other and the Scottish Funding Council as appropriate to assist in the undertaking of a full financial and legal due diligence prior to merger, including making available all required information to professional advisors and providing access to premises where necessary.
12.	Merger Document	<p>The Colleges will work constructively and expeditiously to produce a merger plan which will deal, among other matters with:</p> <ul style="list-style-type: none"> <li>• The transfer or disposal of all property &amp; assets of each college;</li> <li>• Transfer/Rationalisation of contracts held by each college; and</li> <li>• Transfer of staff of each college.</li> </ul>
13.	Confidentiality	<p>Neither College shall disclose any information (in whatever form) disclosed to them by the other College relating to the disclosing College's business or affairs other than as agreed by both colleges.</p> <p>This clause will not prohibit the sharing of information with professional advisors appointed to the colleges to assist in any merger process, or with the Scottish Funding Council or the Scottish Government.</p>
14.	Legal status	Other than the clauses on Confidentiality and Governing Law, this Agreement shall not be legally binding on the parties.
15.	Governing Law	This Agreement shall be read and construed in accordance with Scots law and the Colleges agree to submit to the exclusive jurisdiction of the Scottish courts.

Signed for and on behalf of the board  
of management of \*\*\*\*\* **College** by:

Signature .....  
  
Name (block capitals) .....  
**Authorised signatory**

Signed for and on behalf of the board  
of management of \*\*\*\*\* **College** by:

Signature .....  
  
Name (block capitals) .....  
**Authorised signatory**

Signed for and on behalf of the board  
of management of \*\*\*\*\* **College** by:

Signature .....  
  
Name (block capitals) .....  
**Authorised signatory**

Signed for and on behalf of the board  
of management of \*\*\*\*\* **College** by:

Signature .....  
  
Name (block capitals) .....  
**Authorised signatory**



Charity Trustee Core Duties	Observations
<ul style="list-style-type: none"> <li>• Overriding duty to act in the best interests of the charity.</li> <li>• Seek, in good faith, to ensure the charity acts in a manner which is consistent with its purposes.</li> <li>• Act with the care and diligence that it is reasonable to expect of a person who is managing the affairs of another person.</li> </ul>	<p>The first issue to be considered is whether sufficient continuity of the current charitable objectives could be maintained in an integrated operation which included the activity of Train Shetland and Shetland College.</p> <p>That would seem straightforward as the current charitable objectives of SFTCT would appear to overlap very substantially with the expected objectives of an aggregate operation. (see the Vision and Mission section of the Business Model report)</p> <p>Making an impact assessment about how the charities purposes and interests are likely to be best promoted and achieved hinges significantly on predicting which structural arrangement would be most likely to deliver the greatest volume and quality of the “public benefit” that the charity is seeking to deliver. i.e which arrangement is most likely to deliver the “most” and “best” skills development, learning and research etc. to the relevant members of the public.</p> <p>A good deal of information about that has been provided in the reports, papers and analysis undertaken to date. That analysis has concluded that there is potential for the delivery of skills development, learning and research to be better secured through an integrated operation.</p> <p>The clearest way to obtain further information about that would be to go through the due diligence processes available through the “Partnership Agreement” arrangements.</p> <p>That would be consistent with the duty on charity trustees to “act with care and diligence” and demonstrate they had followed through on an opportunity to “act in the best interests of the charity” and “further the charities purposes”.</p>

Managing key risks as a Charity Trustee	Observations
<ul style="list-style-type: none"> <li>• <b>Going concern:</b> Making sure the charity has sufficient funds to pay its bills as and when they fall due.</li> <li>• <b>Scheme of delegation:</b> Having appropriate policies and ensuring that these are followed.</li> <li>• <b>Effective governance:</b> the responsibility for the running of the charity rests with the trustees. The trustees must ensure that the charity's resources are used to further the aims and objectives of the charity</li> </ul>	<p>Charity Trustees are personally responsible for making sure their organisation is run properly, has the right policies and processes in place, identifies and manages risk and generally operates in a sound fashion.</p> <p>Ultimately that is about the charity being sustainable and able to continue to function as a going concern that can discharge its charitable objectives.</p> <p>A good deal of information about this has also been provided already and the case made that an integrated operation would be more likely to manage these risks better.</p> <p>Again it would only seem possible to obtain more detailed evidence on this matter through the "Partnership Agreement" arrangements.</p> <p>This would also seem consistent with duties of effective risk management, and with trustees overall responsibility to undertake appropriate activities to ensure the charity continues to be a going concern.</p>

Duty of Best Value in Public Services	Observations
<ul style="list-style-type: none"> <li>• The duty of Best Value (BV) applies to all public bodies in Scotland. It is a statutory duty in local government, and in the rest of the public sector it is a formal duty on Accountable Officers</li> <li>• It requires public bodies to make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost.</li> <li>• To ensure these key components of best value are demonstrated <ul style="list-style-type: none"> <li>○ Commitment and Leadership</li> <li>○ Sound Governance at a Strategic and Operational Level</li> <li>○ Accountability</li> <li>○ Sound Management of Resources</li> <li>○ Responsiveness and Consultation</li> <li>○ Use of Review and Options Appraisal</li> <li>○ A Contribution to Sustainable Development</li> <li>○ Equal Opportunities Arrangements</li> <li>○ Joint Working</li> </ul> </li> </ul>	<p>Public bodies are under a statutory duty to demonstrate best value in all their activities. That duty is regularly accessed and reviewed.</p> <p>The duty requires regular examination of all existing arrangements to see if they remain the most appropriate way to achieve priorities and objectives with the best balance between quality and cost.</p> <p>The Tertiary Review has already reported conclusions in 2013, and will do so again in 2015, that an integrated operation would be more likely to achieve best value. i.e. improved performance with an appropriate balance between quality and cost.</p> <p>Given those conclusions it would appear logical that the Council should seek to proceed with “Partnership Agreement” arrangements to provide further analysis of this opportunity.</p>