



Special Education & Families Committee (including Shetland College Board members]	11 February 2016
College Lecturers JCC	11 February 2016
Employees JCC	12 February 2016
Policy and Resources Committee	15 February 2016
Shetland Islands Council	24 February 2016

## **Review of Tertiary Education in Shetland – Integration Proposals Report**

**Report No: DV-11-16-D1**

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

**Development Services Department**

### **1.0 Summary**

- 1.1 On the 27 May 2015 Shetland Island Council (SIC) confirmed its intention to continue to “move towards a single governance and delivery model for Tertiary Education<sup>1</sup>, Research and Training in Shetland” (SIC 30/15).
- 1.2 Following an agreement between Shetland Island Council and the Boards of Shetland College and NAFC Marine Centre, the Shetland Tertiary Education Research and Training (STERT) Partnership Board was established in May 2015 to “develop proposals for integration of the Tertiary Education, Research and Training operations of Shetland College, Train Shetland and the NAFC Marine Centre”.
- 1.3 The Integration Proposal Report and its appendices provide information about the options for further integration and recommendations on the next steps towards an integrated governance and delivery model.

### **2.0 Decisions Required**

- 2.1 That the Committees note the information contained in this report, concerning the proposed next steps towards an integrated governance and delivery model, as set out in section 3.4, comment on those areas within their remit, and inform Council of their views; and

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

- 2.2 That the Shetland Islands Council RESOLVES, having taking account of the views of Committees, to confirm the proposed next steps towards a single governance and delivery model for Tertiary Education in Shetland, as set out in section 3.4, and delegate authority to the Director of Development Services to progress their implementation.

### 3.0 Detail

- 3.1 The review process established a consensus across the Partnership Board on a shared vision for the future of Tertiary Education in Shetland. This helped understand where we wish to be; what the critical outcomes are and what characteristics we are expecting to see from Shetland's Tertiary Education, in years to come.
- 3.2 While individual elements of that vision are undoubtedly being delivered very well by the current separate organisations, it has become clear that other elements are hampered or constricted by a lack of integration. This report concludes that the overall vision would be achieved better if there was a more joined-up approach, which is in line with the findings of earlier reviews and studies.
- 3.3 This review has confirmed there are material impediments at this time to completing full integration to an independent external body. However it has also determined that important steps to improve co-operative and collaborative working across the sector can be taken now.
- 3.4 These recommended next steps are;
- Implementing an **Integrated Management Structure** across all local institutions;
  - **Joining up Governance Arrangements** better between the Shetland College Board and the NAFC Board;
  - **Promoting Collaborative Working** on the ground across and between all our staff and students, and;
  - Establishing as much confidence as possible about **Medium Term Funding** from all of the key public funding bodies for Tertiary Education in Shetland.
- 3.5 While these actions will require hard work, the first stage in implementation is achievable in a reasonable timescale, by 1 September 2016.
- 3.6 They do not require the establishment of any new bodies, complex transfers of staff between organisations, transfers of property, renewal of contracts and accreditations across institutions or transfers of students from one teaching body to another while they are part way through courses.
- 3.7 These actions would take positive steps to assure and enhance the quality of education for learners, provide stability and a clear direction and purpose for staff and be better placed to meet the needs of business and the community.

- 3.8 They would better align our arrangements with those already in place across all comparable colleges in the UHI area. This would allow us to genuinely campaign together for Shetland key objectives in regional and national negotiations. This will get us in better shape to cope with, and input to, whatever future changes happen to Scottish Tertiary Education in the coming years.
- 3.9 Implementing these recommendations would not incur significant costs; indeed the efficiency savings released by having a more streamlined senior management team could be available to support further change, be channelled to improve business development, directly invested in learning and teaching services or contribute to helping sustainability in the sector.
- 3.10 In addition the focus they would create across, and between, board members, management, staff and student on shaping the detailed future of tertiary education provision from within a single body for Shetland should improve the “better joined-up” operations ability to make further changes and find shared internally generated solutions to remaining issues.

## **4.0 Implications**

### Strategic

- 4.1 Delivery on Corporate Priorities – “Our Plan” sets out a vision for Shetland where there are opportunities for people with all levels of skills, and there will be a close match between the skills that businesses need and those that the trained workforce have.

Key projects to make that happen over the coming years are;

- Building the new Anderson High School and Halls of Residence to provide an excellent learning environment as part of an efficient and effective schools service;
- Shetland Learning Partnership developing opportunities for young people to gain workplace experience and vocational qualifications while at school, giving them the skills they need to get jobs or continue into further education, and;
- The Shetland Tertiary Education, Research and Training project creating an effective model to provide excellent services to all continuing learners.

Through these projects, and our other actions, we are determined that all people, old, young and children, and particularly those from vulnerable backgrounds, will be getting access to the learning and development opportunities that allow them to best fulfil their potential.

- 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 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 skills development and 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 – Estimates of costs and savings associated with the four proposed actions are described individually in the Integration Proposals Report – Appendix 10.

The material consequences from those proposals are most significantly a projected annual saving of an estimated £200,000 per annum in employee costs for the Integrated Management Structure when compared to the costs of separate management teams.

Additional costs arising from the proposals are relatively limited and may be affordable within existing budgets, e.g. costs of recruitment. If that is not possible we may have to make an application to sources such as the Councils Change Fund or Spend to Save or external sources such as the SFC who have already provided funding to support this process.

Associated costs such as any Early Retirement/Voluntary Redundancy payments which could arise from restructuring but cannot be detailed at this time would be likely to also have to be met from the Councils Change Fund and these other sources.

There will be application to the Councils Change fund and other sources in should these proposals be endorsed to provide “Business Stabilisation” funding to stabilise the financial position of individual institutions through to the point where these actions are implemented.

- 4.8 Legal – Legal advice on potential integration has been provided by Shetland Islands Council throughout the review with further specialised input from the solicitors Anderson Strathern, 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 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 will continue to be available during 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. The Project continues to recognise the impact of change, the need for that to managed and staff supported through and after the process. An early action in implementation will be to seek agreement between parties on the policies that will be applied to ensure fair and consistent treatment of staff affected
- 4.10 Assets and Property – There are no direct Asset and Property implications in this report. Further work is being undertaken to establish whether it is possible to find ways to reduce both rental and other

operating costs. Progress on this matter will be reported in future meetings.

## **5.0 Conclusions**

- 5.1 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, but should be more achievable than if we carried on with a number of separate organisations.
- 5.2 The Integration Proposals Report has sought to give a balanced view about whether the objective of a single governance and delivery model remains valid, what progress has been made, what issues have been encountered and what are the options for next steps.
- 5.3 The Partnership Board remains optimistic about the opportunities for tertiary teaching and learning and its benefits for business, learners and the community. However it is also realistic about the constraints of we are operating with. It has tried to be frank about areas where progress could be made now, how that can be done and where further work is inevitably required.
- 5.4 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.”
- 5.3 We are now into 2016 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.
- 5.4 The sector has been subjected to five years of review. Throughout that time, board members, management, staff and students have had to live with uncertainty, year on year “salami-slice” funding cuts, short term financial packages and all the negativity that accompanies it. This protracted period of uncertainty and indecision has lost us key staff, demoralised those who have stayed and may have been off putting to some learners. It has also hampered external partnerships with business customers and tested relations with key partners such as the UHI and SFC.
- 5.5 Meanwhile the trading context for Tertiary Education has become steadily more and more challenged through reductions in funding from the public sector, both nationally and locally. Further challenges have come from increased competition in the provision of learning and teaching regionally and nationally and increasingly internationally, particularly online. There has never been a worse time to be stuck in a circular process of not taking decisions and then not taking action.

- 5.6 The four key recommendations in this report are effective, achievable, low risk, positive actions to break out of that negative loop and allow the committed, experienced and skilled people in the sector to take their future in their own hands and move things forward so that they can genuinely overcome these challenges together.

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### Appendices

Appendix 1 – Integration Proposals Report

### 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>





1/2/2016



# SHETLAND TERTIARY EDUCATION, RESEARCH AND TRAINING DRAFT INTEGRATION PROPOSALS DOCUMENT

# Shetland College, NAFC and Train Shetland Integration Proposals Document

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## **1 INTRODUCTION and KEY FINDINGS**

### **1.1 INTRODUCTION**

1. On the 27 May 2015 Shetland Island Council (SIC 30/15) confirmed its intention to;

*“continue to move towards a single governance and delivery model for Tertiary Education, Research and Training in Shetland”*

2. Following an agreement between Shetland Island Council (SIC) and the Boards of Shetland College and the Shetland Fisheries Training Centre Trust (SFTCT) NAFC Marine Centre (NAFC), the Shetland Tertiary Education Research and Training (STERT) Partnership Board was established to;

*“develop proposals for integration of the Tertiary Education, Research and Training operations of Shetland College, Train Shetland and the NAFC Marine Centre”.*

3. Membership consisted of representatives of the boards, management, staff and students of each institution with support from other key stakeholders including the University of the Highlands and Islands (UHI) and the Scottish Funding Council (SFC). Detailed terms of reference and a complete membership are in Appendix 1.

4. For the purposes of this report, references to:-

- the three institutions means Shetland College, Train Shetland and NAFC/SFTCT
- students means learners, pupils, trainees, candidates and apprentices
- the Boards means the Boards of Shetland College and NAFC/SFTCT
- the Partnership Board means the Shetland Tertiary Education Research and Training (STERT) Partnership Board
- Tertiary Education means all aspects of Further Education, Higher Education, Research and Training.

5. This report describes how that exercise was undertaken and presents its findings. It provides information and options on next steps for the Council and SFTCT to consider.

6. External assistance was engaged to provide independent technical reports: Anderson & Strathern and Scott Moncrieff jointly carried out legal and financial due diligence, reporting specifically on any financial or legal impediment to integration and advising on which model of integration (Host, Fusion, Phoenix, Confederal and Federal) would best suit our objectives. Hymans Robertson was asked to report on any pension implications for Host and Phoenix models of integration. These Due Diligence reports can be found in Appendix 2.a and 2.b.

7. The report is informed by:

- Previous reviews and studies in this area; (including, the Tertiary Review of 2013, Business Model and Options Appraisal Reports of May 2015 and Due Diligence Reports of 2015/16)
- Input from Partnership Board members;
- Consultation and discussion with staff, students and external stakeholders;
- Investigations carried out with other college representatives;
- Reporting to and discussions with Shetland College Board and the NAFC board;

- The Due Diligence processes, and;
  - Discussions with and reporting at STERT Partnership Board meetings.
8. This report follows the guidance set out by the Scottish Funding Council (SFC).

## 1.2 KEY FINDINGS

9. The review process established a consensus across the Partnership Board on a shared vision for the future of Tertiary Education in Shetland. This helped understand where we wish to be; what the critical outcomes are and what characteristics we are expecting to see from Shetland's Tertiary Education, in years to come.
10. Individual elements of that vision are undoubtedly being delivered very well by the current organisations separately, e.g. we consistently achieve very high student satisfaction rates. However it is clear that other elements are hampered or constricted by finite and diminishing resources. As resources will inevitably remain constrained for the foreseeable future a joined up approach which makes the most of everything we do have becomes even more important.
11. This report concludes that the overall vision for the future of Tertiary Education in Shetland would be better achieved if there was better joint-working and collaboration, which is in line with the findings of earlier reviews and studies.
12. This review has confirmed there are material impediments to completing a full merger into an independent external body at this time. However it has also determined that better co-operative and collaborative working could be improved by implementing a number of key actions.
13. The recommended next steps are;
- Implementing an **Integrated Management Structure** across all local institutions;
  - **Joining up Governance Arrangements** better between the Shetland College Board and the NAFC Board;
  - **Promoting Collaborative Working** on the ground across and between all our staff and students, and;
  - Establishing as much confidence as possible about **Medium Term Funding** from all of the key public funding bodies for Tertiary Education in Shetland.
14. While these actions will require hard work, the first parts of their implementation are achievable in a reasonable timescale, by 1<sup>st</sup> September 2016.
15. They do not require the establishment of any new bodies, complex transfers of staff between organisations, transfers of property, contracts and accreditations across institutions or transfers of students from one teaching body to another while they are part way through courses.
16. These actions would be positive steps to assure and enhance the quality of education for learners, provide stability and a clear direction and purpose for staff and leave us better placed to meet the needs of business and the community.

17. They would better align our arrangements with those already in place in other Colleges in the UHI area and would move us closer to modern best practice. National and Regional funding bodies have expressed their preference that there should be a single voice for Shetland, these proposals would assist that. They would allow us to better campaign together for key Shetland objectives in regional and national negotiations. They will put us in better shape to fight Shetland's corner when future changes occur in Scottish tertiary education in the coming years, as they inevitably will.
18. Implementing these recommendations would not incur significant costs; indeed the annual efficiency savings released by having a more streamlined senior management team could be available to support further change, be channelled to improve business development or applied to learning and teaching services.
19. In addition they would help board members; management and staff take charge of the future of tertiary education provision from a joined-up Shetland perspective and find their shared solutions to remaining issues.
20. The sector has now been subjected to many years of review. Throughout that time, board members, management, staff and students have had to live with uncertainty, year on year cuts, short term funding packages and all the negativity that accompanies it. This has lost us a number of key staff, demoralised some of those who have stayed and may have been off-putting to some learners. It has also hampered external partnerships with business customers and tested relations with key funding and regulatory partners such as the UHI, Education Scotland - HMIE and SFC.
21. Meanwhile the trading context for Tertiary Education has become more and more difficult through reductions in funding from the public sector, both nationally and locally. At the same time costs have risen steadily. Further challenges have come from increased competition in other learning and teaching opportunities regionally and increasingly internationally, particularly online. Arguably there has never been a worse time to be stuck in an extended review process.
22. The four key recommendations in this report are effective, achievable, relatively low risk, positive actions to break out of any negative loop and allow the committed, experienced and skilled people we have working in this sector in Shetland to take their shared future in their own hands and move things forward so that we can overcome our challenges together.

## **2 BACKGROUND**

### **2.1 SHETLAND COLLEGE, NAFC AND TRAIN SHETLAND**

23. Shetland College UHI, NAFC UHI and Train Shetland are three separate Further Education, Higher Education, Research and Training institutions who have demonstrated their commitment to providing high quality education and training for the community of Shetland and the wider UHI area. They have been very successful in helping our young people progress to higher paid work or an extended journey through Further and Higher Education and also supporting businesses through professional updating and workforce development.
24. There are no other Further or Higher Education colleges located in the Shetland but there is private sector and regional competition for Train Shetland and NAFC short courses.
25. The three organisations' main centres of delivery are in Lerwick and Scalloway, within a 5 mile radius of each other. Together the three institutions offer a broad portfolio of training and learning in line with the areas identified by the colleges themselves and SIC as priorities for the future of Shetland's economic development and social improvement including but not limited to:
  - Creative Industries
  - Food and Drink, Hospitality and Tourism
  - Energy
  - Marine Science and Technology
  - Applied Research
  - Continuing Professional Development (CPD) for a range of sectors
  - Life and Social Sciences
  - Trade apprenticeships including Marine Cadets
  - Archaeology and History
  - Community learning
26. Shetland's unique location and resources with its close proximity to the oil and gas industry, an internationally significant seafood industries, wind and tidal energy and rich archaeological sites and heritage, offer a great collaborative opportunity to provide specific courses, business services and research opportunities in these areas. We envision that we will look to develop and broaden its academic and industry connections and services over time and would join the Energy College Partnership.

### **2.2 ENGAGEMENT WITH LOCAL INDUSTRY**

27. Currently each organisation does its own industry engagement independently. There is also a range of generic Shetland business and skills information generated by Shetland Islands Council and Highlands and Islands Enterprise.
28. The review process avoided adding a further engagement burden for local business generally by utilising the knowledge and understanding of key sectors within the Partnership Board and through the membership of Highlands and Islands Enterprise representative and the Council's Director of Development.
29. From that range of input it was clear that business generally regarded the structure and management arrangements in the sector to primarily be the concern of the organisations

running it. Business and industry were more concerned with the out-puts; high quality and cost effective, training and research services available locally and flexibly to meet their needs.

30. Particular concerns concentrated around the adaptability of providers to meet emerging needs promptly and the capacity of organisations to sustain services and products over time.
31. The Integration Proposal Report also questioned the Shetland Community Planning Partnership in regards to local business consultation. They advised that interaction with the Shetland business community was more difficult on Shetland as there is no central point of contact such as a Chamber of Commerce but instead a multitude of smaller groups or individual businesses.
32. We were also advised that the businesses expressed a previous preference to be contacted only once a year and as Shetland Partnership had already spoken to their business contacts about future tertiary and training needs. It was therefore felt the Partnership Board membership was sufficiently able to express those needs from their various backgrounds and relationships through their other roles without further direct contact.

### **33. Local Skills Issues**

Business noted that;

- There is a lack of trade employees on the island particularly Civil Engineering, Welding, Plumbing, Construction, Engineering, Care and GPs. This is having an impact on productivity.
- Training available is not meeting the needs of some employers who would like quicker more intensive courses rather than 4 year apprenticeships, such as the mini Nigg Skill Academy run. <http://niggskillsacademy.com/> i.e. courses that condense Apprentice-like training from 4 years to 6 months. Employers are currently sending staff to the mainland for training but would be willing to pay full cost for courses in Shetland as it would save them money on accommodation and travel.
- Industry felt that there should be an emphasis on retaining young people in Shetland and attracting them to the labour shortage areas.
- They were keen to try to attract young graduates and qualified apprentices who have Shetland connections back to Shetland. They noted that there were also opportunities for up-skilling and re-training.
- They lacked awareness of available training opportunities on Shetland – Marketing was not as effective as it could be.
- Tertiary education needs to be more coordinated to understand demand for skills learning and training across all sectors in Shetland.
- A need for more online content and delivery.
- Shetland Island Council has a requirement to revalidate the qualifications of a large number of Marine Staff. While the NAFC Marine Centre are able to meet some of those needs most of the training has to be done off island with other providers.

### 2.3 SHETLAND COLLEGE



34. Shetland College UHI was established in 1970 and its recently extended main campus is now based at Gremista on the outskirts of Lerwick, Shetland's capital. It remains under local authority control and is an affiliated academic partner of the University of the Highlands and Islands offering a range of further and higher education courses in Business, Computing, Construction, Creative Industries, ESOL, Essential Skills, Health & Care, and Hospitality, with a growing degree portfolio, as a key player in the university. The college also hosts part of the university's Centre for Nordic Studies, as well as its recently appointed Chair in Creative Industries, who heads up the university's new Centre for Rural Creativity, and as the centre's team of Research Fellows and Researchers are recruited, it will develop and roll out a range of new Masters-level degree programmes in Creative subjects in a networked format across the Highlands and Islands as well as nationally and internationally. Both the Centre for Nordic Studies and the Centre for Creativity are very much research-focussed and will also contribute to knowledge transfer and commercialisation, and the Centre for Creativity will work with the college's industrial Textile Facilitation Unit, to increase its activity levels and customer base locally, nationally and internationally.
35. Shetland College UHI also continues to increase its involvement in the university's teacher education programmes, and the networked Primary Teaching PGDE programme has been available to students in Shetland since September 2014.
36. As the university's plans for student residences is rolled out across all academic partners, including Shetland College, this development will undoubtedly help the college to increase its student numbers and diversify its curriculum offering to include summer schools and a range of short specialist courses for learners from Shetland, but also from the UK and overseas.
37. Shetland Islands Council directly employs college staff. The college has very little estate and leases much of its campus. The new extension was, however, jointly funded by the college, Shetland Islands Council and ERDF funding.
38. Shetland College UHI has a flexible outlook regarding access to learning to ensure it caters for the widest range of students' needs. It is committed to delivering a quality learning experience to all its learners from access level and National Certificate courses to honours degree programmes, as well as providing a wide SVQ work-based portfolio.



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39. The college participates in the Shetland Learning Partnership Project which includes a range of senior phase offerings for S4, S5 and S6 pupils from Shetland's secondary schools and the college plans to fully meet the needs of the new Anderson High School once it is completed. The college continues to develop its portfolio of Foundation Apprenticeship programmes for S5 and S6 pupils, in response to the Scottish Government's initiative on Developing the Young Workforce, and will build on its existing programme in Health and Social Care with the introduction of a programme on the Built Environment from June 2016. The college will continue to explore additional Foundation Apprenticeships in other subject areas as part of the Shetland Learning Partnership Project over the next few years.
  40. Currently the college has approximately 158 full-time and 1188 part-time students across further and higher education. The college is proud of its history of achieving high levels of student satisfaction, which continues to be recognised by Education Scotland and HMI.

## 2.4 NAFC Marine Centre



42. The educational and scientific institute The NAFC Marine Centre was established by the Shetland Islands Council in 1992, in recognition of both the importance of the seafood industries to Shetland's economy and their increasing need for a trained and qualified workforce.
43. The Centre is owned and operated by a charitable trust, the Shetland Fisheries Training Centre Trust, and is a founder partner in the University of the Highlands and Islands. It occupies a multi-building campus on a waterfront location in the busy seafood port of Scalloway.
44. The range and scope of the services offered by the Centre has expanded since it opened and today encompasses education and training, for the merchant navy, fishing, aquaculture, land-based engineering, and recreational sectors; and research and development, in subjects relevant to fishing and aquaculture, marine spatial planning and the marine environment. A range of consultancy services, including marine surveys, research and advisory services, are also offered.
45. NAFC is the main educational centre in the north of Scotland for Merchant Navy Cadets, the centre offers qualification in both Deck and Engineering, with around 100 cadets in education at any one time, it is recognised for its high standards and high pass rates for cadets studying in Scalloway.
46. NAFC also participates in the Shetland Learning Partnership Project offering Engineering courses for senior phase pupils from Shetland's secondary schools.
47. Today the Centre employs about 50 staff, runs more than 50 different courses, enrolls more than 1,000 students each year, and receives about £415 000 of external research funding annually.

## 2.5 TRAIN SHETLAND



49. Train Shetland is a service of Shetland Islands Council, based next to the Gremista campus of Shetland College UHI. The service was established in 2002 and is comprised of two distinct functions: Vocational Training and Short Courses.
50. Vocational Training is responsible for managing and co-ordinating local Modern Apprenticeships in a range of disciplines and industry sectors through a contract with Skills Development Scotland. In contact with around 70 local employers, Train Shetland manages apprenticeship vacancies for employers and supports roughly 50 new starts per annum. At any given time the service is providing a management service for around 140 young people and adults to gain their Modern Apprenticeship qualifications. This includes conducting health and safety assessments of workplaces, a function the service also provides in support of local Foundation Apprenticeships. The service sub-contracts with colleges and training providers (including Shetland College and NAFC Marine Centre) to ensure delivery of the academic elements of the MA programme. Vocational Training also manages the Construction Plan Competency Scheme for the local construction industry.
51. Short Courses delivers a range of accredited and non-accredited courses to support the development of industry and local agencies. Accredited courses include IOSH Managing/Working Safely, REHIS Elementary Food Hygiene BIIAB Personal Licence Holder, NEBOSH General and Construction and a number of First Aid and Health & Safety courses run under Highfield Awarding Body for Compliance. Non-accredited courses include a range of business and entrepreneurship courses developed and run on behalf of Business Gateway, IT application training and management/professional development courses. The service has four training rooms, including a dedicated first aid training room and an IT training suite, and offers hire of facilities to local customers. Where training is not generally available locally, Short Courses staff endeavour to source training from providers located on the mainland, where it is cost effective to do so. In 2014/15 Train Shetland delivered training to over 1,400 course delegates.
52. Train Shetland is also an authorised examination centre for a number of bodies, including OCR, Association of Accounting Technicians, Chartered Institute of Management Accountants, Chartered Institute of Public Finance and Accountancy, the Open University

and others. Train Shetland sources properly trained invigilators for these purposes and ensures that all examinations are conducted to a high standard of professionalism and accountability.

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## **2.6 PRESENT CHALLENGES**

54. It is generally agreed that Tertiary Education in Shetland needs to have a clear strategic direction to promote the best possible and most seamless services to learners, businesses and the community. This thread runs through the key regional and local skills development plans and regional outcome agreements which guide the investment of public funding into this area.
55. The Councils Corporate Plan, “Our Plan”, sets out a vision for Shetland where there are opportunities for people with all levels of skills and at all life stages. There will be a close match between the skills that businesses need and those that our trained workforce have.
56. Key projects specifically included in “Our Plan” to enable that over the coming years are;
  - Building the new Anderson High School and Halls of Residence to provide an excellent learning environment as part of an efficient and effective schools service;
  - Shetland Learning Partnership developing opportunities for young people to gain workplace experience and vocational qualifications while at school, giving them the skills they need to get jobs or continue into further education, and;
  - The Shetland Tertiary Education, Research and Training project creating an effective model to provide excellent services to all continuing learners.
57. The Council has committed that through these projects, and other actions, they are determined that people of all ages, and particularly those from vulnerable backgrounds, will be getting access to the learning and development opportunities that allow them to best fulfil their potential.
58. Over recent years public sector funding has been reduced across the UK and Universities and Colleges have faced significant financial challenges. In order to best utilise its diminishing resources the Scottish Government has encouraged rationalisation in each of its 13 college regions.
59. The Council, who currently provide funding to all three institutions at approximately £2.2m annually, have gone through their own restructuring and efficiency process and continue to be driven towards greater efficiency. While the Council continues to significantly fund the tertiary sector from year to year, it has duty to ensure Best Value, which is the continuous improvement in the performance of all services. For the tertiary education sector, this means that quality of service and governance models must become more efficient, effective and sustainable in the long term. The Council have been concerned for some time that the balance between economy, efficiency and effectiveness in the provision of Tertiary Education in Shetland may not be delivering Best Value.
60. It has to be noted that Councils do not have a legal obligation to fund Tertiary education and that if it withdrew its funding the Scottish Government/UHI would have to find a way to meet its obligation to supply the Tertiary need of Shetland’s community. However, suddenly withdrawing funding would be very detrimental to the existing bodies, reducing them dramatically in size or even closing them.
61. The Council wish to encourage the three institutions to collaborate and become more like other colleges, in so far as they are independent and self-sustaining. Therefore, the Council would like to see a marked reduction in reliance on local authority funding over a reasonable

transition period and would like to see a plan put into action to achieve Best Value and financial sustainability that preserves and grows the service to best suit Shetland's needs.

62. The sectors' reliance on the Council for funding has led to a situation whereby the mechanisms and methods of funding that other colleges utilise have perhaps not developed as fully here as in other places. An example of this might be Research Excellence Funding which has not been a significant funding stream in the past but is now being more actively targeted.
63. Opportunities for achieving enhanced FE funding from the SFC have been missed through not working more cooperatively in the past e.g. if we had jointly achieved overall target in order to apply for funding for new courses etc.

#### **Future Funding Issues**

64. SFC has advised that in two years it will return to using a band system with regards to the Credits which at the moment are worth a uniform £380, including remote island uplift, plus capital allocation of around £20. The proposed banding is meant to help cover the cost of courses that are more expensive to run such as Agriculture, however, it will decrease funding for courses that are perceived to be less expensive to supply as compared to the previous WSUMS system.
65. Bands (before remote island uplift (RIU))

•	5	£360
•	4	£347
•	3	£260
•	2	£216.69
•	1	£185
66. Funding allocation and bandings have changed in the past and can change again in the future. Having a wider spread of different courses in a single college offers better protection from these funding changes, and greater potential flexibility.
67. As Shetland College input the FE data into SITS it was agreed they will run a simulation with weighted Credits, as soon as is reasonable (which was estimated to be at the end of May or early June), to find out how this might impact future FE funding. This will help the joint management team understand potential funding issues when it plans any changes to the curriculum.

### **3 VISION**

#### **3.1 THE VISION FOR FURTHER AND HIGHER EDUCATION IN SHETLAND**

69. The Partnership Board decided to conduct an exercise on vision and values so the Partnership Board members and others could be actively involved in confirming the key priorities for Tertiary Education in Shetland.
70. It was agreed the following three questions should be asked:-
- a) What is your vision for Tertiary Education, Research and Training in Shetland?
  - b) How might moving to a more integrated model help us achieve that vision?
  - c) What do we have to be careful we don't damage or lose during this period and any further change?
71. The views of all Partnership Board members including staff and student representatives were sought. Input was also given by senior UHI staff members Crichton Lang (UHI Deputy Principle) and Mike Devenney (UHI Vice Principal. Further Education). Professor Andy Miller (NAFC based visiting Professor from the University of Hong Kong) and Professor Robin MacPherson (UHI Chair of Creative Industries) also contributed to the exercise.
72. Their responses have been collected together and collated, the complete list of responses can be found in Appendix 3 - Vision Report.
73. This produced a shortlist of the following 12 points which were reported to the Partnership Board:-

#### **Tertiary Education in Shetland should...**

- Have a reputation for excellent quality
- Offer a broad range of courses based on research of the local community and business needs
- Become a brand leader on our specialist areas
- Build a stronger student voice
- Find ways to improve access and have a clear progression routes from school up to research level
- Have a halls of residence to help with future growth and to promote a campus feel
- Be better integrated with UHI
- Develop international connections
- Have a single stronger, clearer voice
- Value and develop its staff
- Have a board of governance with the authority and ability to put into action a strategic plan for growth and long term sustainability
- Be more transparent

#### **Core Objectives**

74. The Partnership Board wanted to make sure that individual contributions to the vision were preserved and communicated. This means this vision includes some items which might be technically regarded as values, aim or goals rather than objectives.

75. The core objectives from these points can be summarised as; excellent quality, offering a broad range of courses for local community and business needs, a brand leader in specialist areas and targeting both growth and sustainability.

76. For more information please see Appendix 3.

### **3.2 BENEFITS of JOINED-UP WORKING TO HELP REALISE THE VISION**

77. A number of reviews of this area have been carried out recently; they each concluded that better integration between the existing institutions would better support the next phase of development rather than each organisation operating independently. The Partnership Board also wanted to re-examine that question.

78. The consultation exercise around a vision for the future of tertiary education then asked;

b) How might moving to a more integrated model help us achieve that vision?

79. Feedback on that question linked to the core objectives is set out in the table below. Further information on the responses is included in appendix 3

**Table 1 – Core objectives and joined-up working**

<b>Objectives</b>	<b>How would that be helped by more joined up working?</b>	<b>How can successful progress be measured?</b>
Reputation for excellent quality	<ul style="list-style-type: none"> <li>• A greater shared capacity to ensure educational quality is maintained and improved.</li> <li>• Staff and students can be better supported by a more complete and balanced management team.</li> <li>• Better able to concentrate finite resources, knowledge and expertise on key areas for learning, teaching and research.</li> </ul>	<ul style="list-style-type: none"> <li>• Students, customers and staff feedback regards services as being high quality.</li> <li>• Tertiary Education in Shetland recognised as high quality by regulators and scrutiny bodies.</li> </ul>
Broad range of courses for local community and business needs	<ul style="list-style-type: none"> <li>• Better able to have a unified Business Development and Marketing strategy.</li> <li>• More able to assign shared resources to implement that strategy.</li> <li>• Students and businesses can more easily deal with single points of contact who then share that information with their colleagues.</li> </ul>	<ul style="list-style-type: none"> <li>• Courses which are based on researched understanding of local community and business needs.</li> <li>• Full engagement, by all three institutions, in a joint long term strategy for Tertiary Education which drives progress on the shared vision.</li> </ul>
Brand leader on our specialist areas	<ul style="list-style-type: none"> <li>• Better able to identify the key areas for investment and growth through a shared strategy and unified business plan.</li> <li>• More shared capacity to put together project or development teams to work on developing those areas.</li> <li>• Easier to convince external partners that we have a common and united view of what we</li> </ul>	<ul style="list-style-type: none"> <li>• Identification and agreement on what specialist areas should be.</li> <li>• Coherent plans for their development.</li> <li>• Recognition internally and externally that we are progressing towards and then delivering leading work in those areas.</li> </ul>



Objectives	How would that be helped by more joined up working?	How can successful progress be measured?
	want to achieve.	
Growth and long term sustainability	<ul style="list-style-type: none"> <li>• Internalising the responsibility for shaping change and implementing that will allow governance to focus on the future.</li> <li>• Joined-up working is more likely to agree a single strategic plan for the whole sector.</li> <li>• Joint ownership of a shared strategic plan and clear responsibility for its implementation will concentrate governance on finding solutions together.</li> <li>• Integration can allow issues such as sorting out the property problem and creating a proper campus to be tackled together.</li> <li>• Sharing resources and skills between the organisations allow efficiencies in a range of areas starting with the senior management team structures.</li> </ul>	<ul style="list-style-type: none"> <li>• Joint arrangements are agreed and implemented.</li> <li>• The operational performance of the joint arrangements is better than individually.</li> <li>• Board members, management, staff and students can identify improvements.</li> </ul>

### 3.3 RECENT JOINT WORKING INITIATIVES

80. The managers of each institution took part in a joint meeting on 26<sup>th</sup> November 2015 to consider what work could be undertaken jointly. This meeting identified the work that had been going on since the summer relating to FE Credit funding as the main priority.
81. A Joint Collaborative Agreement for FE Credits has now been drawn up and agreed in principle. See Appendix 5.a and 5.b. This joint agreement is intended to prevent time consuming arguments between Shetland College and the NAFC over credits allocation and help foster a more open and trusting relationship between the institutions.
82. Working separately, without coordination, partially contributed to the failure of Shetland as a whole to meet its SFC FE activity Targets. That in turn threatened to trigger a potential reduction in future funding. Shetland has also missed out on SFC funding opportunities in the past by a lack of co-ordination around FE activity.
83. By agreeing to work collaboratively to *over-achieve* the Credits Target, we have opened up the possibility of being able to apply for some additional funding for certain new activity under the European Social Fund. This demonstrates that working effectively together can have clear and tangible financial benefits.
84. Other shared priorities such as better Business Development have made less progress as individual initiatives by the SIC and NAFC have stalled without meeting their objectives. More progress could also have been made in other areas such as sharing property resources or establishing ways to reduce their costs.

#### **4 DUE DILIGENCE**

85. It is possible to seek to integrate to a greater or lesser degree and to approach that using a variety of models. In the most recent review processes three main alternative approaches have been examined;
- Full integration using the University of the Highlands and Islands as a host body was considered during activity in 2014 but it was established that this could not be progressed further at this time for a number of political and technical reasons.
  - Full integration to a single external organisation, either using the SFTCT as host or through creating a new body, was recommended for further examination in May 2015. That option has been examined through the due diligence process reported below and also found to have material financial and technical obstacles as explained below.
  - Partial integration while maintaining the existing institutions legal structure and building on current governance arrangements rather than replacing them has also been examined by the Partnership Board. The analysis and proposals relating to that approach are set-out in this report.
86. Due Diligence reports on the proposal to create a single integrated organisation outside the Council have been compiled for the Council by external advisors. Scott Moncrieff carried out Financial Due Diligence and Anderson Strathern, Legal Due Diligence. Both reports have been presented to the Partnership Board.
87. No fundamental legal impediments were found in the Due Diligence process that would absolutely preclude the creation of a new organisation. However significant issues were identified which would be difficult to overcome for any early creation of a new and separate organisation employing the existing staff working in the sector. These same issues largely applied to any significant transfer of Council staff into the SFTCT.
88. The most significant of those issues is the pension bond or guarantee and future pension contribution rates implications of the “material change” any new or merged organisation would create under the recently updated pension regulations.
89. Full detail is being assessed further but all projections are very costly. It is estimated that a bond of between £7.6 and £12.4 million pounds would be required and the current contribution rate of 20.8% might have to rise to 24.8% or even 34.1% depending on funding options. Any negotiations or discussions with Pension Advisors, potential guarantors and the Scottish Government to provide mitigation would be likely to take an extended period. We have been made aware of another initiative in the Scottish tertiary education sector which has been locked in this sort of negotiation for more than a year.
90. The other general observation of the Due Diligence process was that it had proved to be quite a difficult exercise to conduct and conclude. The complexity of identifying the trading activity, costs, assets and liabilities of only one part of the Council proved very challenging, as did limited capacity and the competing priorities of day to day work and budget preparation for each of the individual institutions.
91. Other main issues identified in the Due Diligence processes were:

92. Difficulties in selecting the most appropriate Governance Structure for an integrated commercial / charitable organisation outside the Council capable of achieving tertiary education “fundable” status; all choices created additional issues and generated further complexities.
93. The continuing challenge for any independent organisation of being locked in to very high property costs. Overall property costs across the three organisations are approximately £1.4 million annually with £600K being paid each year in rent. Even if leases for current properties can be transferred to a new independent organisation as a tenant, it has not been possible to reach any strategic agreement to transfer ownership of properties or obtain any agreement that individual leases or parts of them could be terminated early or the rent payable under them reduced.
94. None of those options, or other property solutions, are likely to be available before current lease terms expire in 2019 (Shetland College), 2020 (NAFC) and 2024 (Train Shetland). However this remains a matter of high importance to all organisations and one where a joined-up approach to finding a solution is particularly important to get underway.
95. The Due Diligence reports recommended that we should continue to investigate the pension position and look into ways that the excessive property costs can be reduced
96. They also observed that should a single integrated operation not be immediately achievable federated or confederated approaches could be a way to make progress while other issues were being investigated further.
97. The Due Diligence Reports can be found in Appendix 2.

## **5 RECOMMENDED NEXT STEPS**

98. As noted in the introduction to this report, the Partnership Board was tasked to “develop proposals for integration of the Tertiary Education, Research and Training operations of Shetland College, Train Shetland and the NAFC Marine Centre”.
99. The Partnership Board cannot recommend any quick and simple process that will fully deliver a single merged college, operating outside the Council. The pensions issue as it stands has a multi-million pound bond or guarantee price tag attached. In addition to that one off costs there is a potential increase in required ongoing pension contribution rates that would be very difficult for any small organisation to fund. Alongside that the £1.4 million property costs bill, which does not appear to have any accessible solution at this time, is also very problematic.
100. However this report does reflect the overall opinion that better joined up working and improved collaboration within the sector which puts the needs of the community, business and learners at the core of all decision making remain sound objectives. The report concludes that it still makes sense to continue to seek ways to realise the potential benefits of better integration.
101. The Partnership Board has been acutely aware of the continuing problem and impacts on staff that uncertainty over future direction and management overload is creating. Indeed its effects were particularly evident in some of the difficulties encountered in due diligence

information gathering. It has also been emphasised by the commentary of HMIE on their concerns about the capacity of management arrangements at Shetland College. This “death by endless review” issue has been at the top of the risk table for the project since its re-launch in 2014 and has featured in all progress reports to Council and SFTCT since then.

102. This report seeks to offer practical and tangible options to move matters forward, actions which would demonstrate real progress to all parties and help provide future direction. These actions are specific in their scope, achievable in the reasonably short term, affordable in a time of constrained resources and have the potential to unlock further progress as follow up activity. These actions look to create a meaningful way forward while other issues are given further consideration over a necessarily longer timescale.
103. Due Diligence has identified material issues related to any formal organisational merger. Any full merger outside the Council would have substantial costs or risks associated with it on current information. It may be possible to conduct further research on these matters through a combination of internal and external work, for example can the potential pension costs can be moderated or avoided through negotiation. However that would be expected to take some considerable time. That research could also consider alternative legal structures such as a “virtual corporate body” with integrated governance but did not require employee transfer as ways to address that issue.
104. During the time of the development of this report a few collaborative and co-operative initiatives have progressed without organisational integration. These include the creation of a shared vision by the Partnership Board and a collaborative working agreement to maximise FE “credits” funding. However a very great deal of senior management and leadership time and energy had to be expended in protracted discussions between the local organisations around how available SFC/UHI and Council funding should be shared. Other shared priorities such as integrated Business Development have made less progress as individual initiatives by the SIC and NAFC have stalled, again their chances were not helped by a lack of basic integration.
105. Generating proposals for growth in income or reductions in costs across organisations has generally been difficult in the absence of integrated management arrangements which are able to consider all the combined resources, assets and options of organisations together. The development of more joined-up structures can go some way to support more success from these initiatives.

#### **Recommendation 1 – Single Integrated Management Structure**

106. An integrated management structure across the partner organisations would clarify responsibilities for change and more rapidly progress joined-up working. This structure is a positive step to assure and enhance the quality of education for learners and will provide a simplification of management accountability for service delivery and development. It would also create an opportunity to internalise the management ownership of the change, which has been an ongoing difficulty throughout the life of this review.
107. The design of the proposed structure has been informed by the needs of modern tertiary education, training and research in Shetland. Opinion on its suitability from professional experts within the sector, and the arrangements typically found in similar sized colleges has also been obtained and taken into account. Before and after management structures, anticipated costs and savings and an implementation timetable for that integrated structure are described further in appendix 7, appendix 7.a and appendix 9.

108. The need to have a balanced management team in line with modern best practice has been further emphasised recently by the requirement to recruit a temporary depute principal for Shetland College to ensure HMIE concerns around management capacity are addressed. It is not possible to operate a further and higher education facility, regardless of student numbers, without the necessary management team members to do that. However, it is also clear from looking at other Colleges that a similar number of senior management roles are capable of running a bigger organisation.
109. If there is no management integration then there will have to be at least two fully staffed management teams, each approaching a similar size, to assure quality and meet external scrutiny requirements, which would inevitably incur additional costs.
110. It is recommended the Joint Principal is the first appointment in this team and that the four other senior management positions follow thereafter. Consideration has been given to seeking to integrate individual functions such as Student Administration, Short Course Management, Finance, IT and Administration before moving forward with senior management appointment. That sequence is not recommended as a strong leadership steer is thought critical in shaping, and then seeing through, change across sections.
111. In addition the UHI continues to progress its "Shared Services" programme, any local rationalisation would be likely to want to follow that lead and benefit from its learning and decision making rather than attempt to change matters locally, only to find they then had to be changed again. However detailed decisions on any quick wins or key improvement requirements would be expected to be made by the integrated management team as they evaluated the full range of issues and opportunities across their areas of responsibility.

## **Recommendation 2 – Joined Up Governance Arrangements**

112. Management integration will have to be supported by better joined up governance to be properly effective. It will be essential to give any management team clear and consistent direction, support and scrutiny. Creating any new "corporate body" potentially triggers the pension issues as described above. It also runs a risk of losing fundable status should any of the SFC requirements for that assignment be breached in the process of change between one body and another.
113. It is however possible for the existing bodies, the Council and the SFTCT to require their College and NAFC boards to work together in partnership through actions like;
  - Setting up a joint steering group to guide further shared working.
  - Developing a programme of further agreements or protocols on specific areas like the FE Credit agreement.
  - Laying out a plan to do key governance activities together, or at least the same way.
    - review of both boards admin regulations and schemes of delegation
    - review and align performance management arrangements etc.
    - common management reporting formats and shared financial reporting,
    - shared strategy development;

- Carrying out the management restructuring exercise together.
    - agreement on the policies and processes to be used to restructure senior management to ensure all affected staff are dealt with fairly;
    - agreement on how to conduct joint recruitment exercises for the integrated management team to ensure they are carried out robustly
  - Making some practical changes to business management to make it easier to share.
    - co-opting key members of each board onto the other board
    - shared agendas
    - aligning of meetings, perhaps both boards meeting at the same time and in the same place for shared business
114. An early first step might be to agree a collaborative “steering group” or similar arrangement with representatives of both boards who were delegated authority to do the shared actions required most immediately and then plan further progress in more detail with the integrated management team.
115. These developments do not need any new structures to be created; they are built on a continuation of the existing bodies. They should target improvements in the outcomes of governance rather than its structures. If collaboration is to succeed throughout the organisations, then board members will have a critical role in signalling their leadership in that. It is very unlikely that staff, students, management or funders will be convinced that co-operation and collaboration is real without that being demonstrated at the top.
116. We will have to examine the administrative regulations and schemes of delegation for each board and probably make some modifications where that would clearly help working together. However the main requirement will be a willingness to find ways that share information , ideas and issues to both parties benefit.
117. Some of the ways that co-operation could be promoted are noted above, other ideas will emerge as we work through some of the practicalities of main things the boards do. Looking at what has to be done day to day will provide opportunities to examine how real joined up decision making and joined up scrutiny can work best and the detailed arrangements can be implemented accordingly.
118. These measures can be taken without dissolving or creating any structures and from a practical and pragmatic point of view would be likely to create the impetus for further partnership working. This “joined-up” approach would also make it far more likely that the best solutions to matters like pensions and property were examined and resolved in everyone’s interest.
119. Joining up governance, as far as is possible and makes business sense, is the second recommendation of this report. A draft implementation timetable for that joining up activity is described further in appendix 9.

### **Recommendation 3 - Promoting Collaborative Working on the Ground**

120. Presently, all three establishments have insufficient understanding of the day to day work and methodology of each other and view the others with a little scepticism in regards to quality control and service. Each wishes to protect its own “high quality service” from the

possibility of damaged through connection to another service provider they don't know, have historically competed with and have some historical and political mistrust.

121. However, it should be pointed out that UHI already scrutinise both Shetland College and NAFC (at HE level) finding both parties fit for purpose. Train Shetland (Short Courses and Vocational Training) and NAFC already meet rigorous quality standards for courses they run.
122. Significantly, the staff of all three institutions have expressed an interest in finding out more about each other's work and at Partnership Board level there have been discussions on holding initiatives like induction tours. This is a good indication of a positive approach from staff to developing their services and understanding with their local colleagues.
123. Train Shetland is already very close to Shetland College physically; it uses its services and even shares its management. Train Shetland also significantly collaborates with NAFC.
124. The most difficult integration, perception-wise, may be between Shetland College and NAFC. One person expressed that they thought it was "impossible to imagine". However, other colleges have successful marine and academic functions running alongside each other, such as Orkney College, which is predominately an academic college but also has created a Marine Studies Department to serve the needs of its local population providing a wide range of courses.
125. Each establishment has its own brand which it believes to be commercially and culturally valuable and has stated they would like to preserve it. This can be done by continuing to market courses under existing brands.
126. Each department, and even single courses, in a college can have their own unique culture (e.g. Art, Engineering and Accountancy) which appeal to different types of people and this is to be welcomed for the sake of diversity.
127. The Board members and management will understand that they also have work to do on cultural integration to make co-operation and collaboration work. If they do that well it will be a strong and positive lead for everyone else.
128. The signals that an integrated management structure and genuinely joined-up governance arrangements send to staff and students will be significant catalysts in themselves for cultural change. We are suggesting that a particular focus is given to supporting those signals through practical initiatives to engage all staff and students between and across the institutions.

#### **Recommendation 4 – Transitional Funding / Medium Term Funding**

129. Throughout the project there has been a continuing need observed for significant Council funding to be included to balance all financial forecasts for the sector, even after assumptions about growth in trading and commissioning arrangements have been included. Part of that reflects the very high property and other operating costs of the combined organisations. Part of it is related to the high staffing costs relative to the limited number of students. These are difficult to resolve, particularly in the short term.
130. A fourth recommendation from the report is that ongoing investment in Tertiary Education in Shetland should have as much clarity as possible about medium term financial commitment from the UHI, SFC, SDS and Shetland Islands Council. This would provide a

measure of stability for any development or transitional planning while the first set of changes is being implemented.

131. Direct costs of these recommendations have been estimated as part of planning the implementation of a single integrated management structure through to a target date of 1<sup>st</sup> September, see appendix 10. This is likely to be expanded as an application to the Councils “Change Fund” and/or a “Spend to Save” application once the decision to proceed has been taken. It may also be able to apply for additional support funding from the SFC, UHI and SDS to further assist with that.

### Overview of the four recommendations

132. The table below describes costs, benefits and risks of these four recommended actions and also consider what would need to be done if it turned out they didn’t work. The potential benefits and possible risks are then considered from the perspective on the individual organisations.

**Table 2 – Potential benefits and possible risks of the proposed actions**

Cost / Savings	Potential Benefits	Possible Risks	If it doesn’t work?
<b>Integrated Management Team</b>			
<p>c£200k annual savings from the reduced employee costs of eight senior manager posts reducing to five.</p> <p>Limited one-off implementation costs.</p>	<ul style="list-style-type: none"> <li>Stronger and more balanced team which can focus on educational quality and service development for the benefit of students, business and the community.</li> <li>Roles and responsibilities can be clarified and redefined to meet current challenges.</li> <li>Change within the sector becomes the responsibility of the integrated management team, rather than it being done to them by others outside the sector.</li> <li>Staff uncertainty starts to be resolved.</li> <li>It is a positive move that can be used to generate further momentum.</li> <li>Management can identify best practice from anywhere across the institutions and to replicate it where that makes sense.</li> <li>Raising their game and constructively working across the sector for shared benefit would be a positive challenge for the members of the new management team.</li> <li>The new team would be actively</li> </ul>	<ul style="list-style-type: none"> <li>The reduction in the number of senior managers could result in unreasonable additional workloads being placed on other staff lower down the management chain.</li> <li>Senior managers will have to service governance between Shetland College Board and the NAFC Board which they might find complicated.</li> <li>Senior managers will have to take more responsibility for designing and implementing change which could be challenging.</li> <li>Senior managers will have to lead the bringing together of cultures that have</li> </ul>	<ul style="list-style-type: none"> <li>Separate structures would need to be re-established, i.e. we would need to set-up two or three broadly similar structures separately, each with a similar mix of leadership / academic / business support posts.</li> <li>The integrated team would then need to be split across them and any gaps filled through recruitment.</li> <li>Clearly this reversal would have additional ongoing costs but would be</li> </ul>



Cost / Savings	Potential Benefits	Possible Risks	If it doesn't work?
	<p>supported in developing their skills and abilities to be most able to discharge their roles.</p> <ul style="list-style-type: none"> <li>Shared priorities, like business development, can be agreed and resources brigaded together better to progress them.</li> </ul>	<p>worked separately for a long time which could be hard work.</p> <ul style="list-style-type: none"> <li>Some current management staff may not want to be part of a new structure and wish to leave.</li> <li>Standardisation could become a negative process stifling local and individual initiative.</li> <li>Need to be sure responsibilities for all the key assurance and responsible officer roles are assigned so key accreditations were retained.</li> </ul>	<p>relatively simple to implement.</p>
<b>Joined up governance arrangements between the Boards</b>			
<p>Other than some training and member development (which should be an ongoing matter anyway) joining up governance better should be direct cost neutral.</p>	<ul style="list-style-type: none"> <li>Promote understanding about priorities and issues between the two boards.</li> <li>Help each board to understand what the other one was about, how they worked and what they had to do.</li> <li>Support management to be most effective in further developing quality education services.</li> <li>Resolve any issues or uncertainties between the boards as quickly as possible.</li> <li>Require a Shetland wide shared strategy that reflects all interest to be developed and make it easier to do that.</li> <li>Make representing Shetlands interests with a single voice more straightforward.</li> <li>Governance can identify best practice and require it to be replicated.</li> <li>Raising their game and constructively working across the sector for shared benefit would be a positive challenge for the members of the new governance team.</li> <li>The joined-up boards could be</li> </ul>	<ul style="list-style-type: none"> <li>The two boards might find each other's approach, style, arrangements and obligations confusing and frustrating.</li> <li>It might descend into a forum for continued bickering and disagreement.</li> <li>The constitutional obligations of the two boards might make business difficult to conduct.</li> <li>Having to listen to the other boards business might prove boring.</li> <li>Some board members might not want to be part of joined up arrangements.</li> <li>We might inadvertently breach some local authority statutory obligations in our joined-up</li> </ul>	<ul style="list-style-type: none"> <li>As no structures are being fundamentally altered then we would just stop using the joined up arrangements and revert to separate boards.</li> <li>If additional powers had been delegated to either that might need to be unwound but that would be easy to do.</li> </ul>

Cost / Savings	Potential Benefits	Possible Risks	If it doesn't work?
	actively supported in developing their skills and abilities to be most able to discharge their roles.	arrangements. <ul style="list-style-type: none"> <li>• We might inadvertently breach some charity statutory obligations in our joined up arrangements.</li> </ul>	
<b>Collaborative Working on the ground between staff and students</b>			
It might be useful to have some budget to organise events etc. but that should not require any great expense.	<ul style="list-style-type: none"> <li>• First steps would be about staff and students meeting each other more and doing things together.</li> <li>• This would help staff and students better understand what the other institutions did.</li> <li>• It would allow staff and students to showcase their activities and achievements to their peers.</li> <li>• It would increase the opportunities for staff personal development and peer support.</li> <li>• It could create a catalyst for new ideas and options for further development.</li> <li>• It should create a very positive marketing message and advocates for all parts of the sector.</li> <li>• It could enhance the student experience by allowing more contact with new individuals they would not otherwise meet, e.g. Shetland students at the College and Marine Cadets a number of whom come from other places.</li> </ul>	<ul style="list-style-type: none"> <li>• It might be a distraction from working on day to day service delivery for some staff.</li> <li>• It could be used by some individuals to be negative about their colleagues work or circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>• If it was judged to be doing more harm than good then you would just stop.</li> </ul>
<b>Better clarity over medium term public sector funding</b>			
No intrinsic costs or savings other than a making a medium term commitment to expenditure assuming	<ul style="list-style-type: none"> <li>• It is helpful for any management team and governance to understand how funding works beyond year to year arrangements.</li> <li>• Ultimately the disbursement of public funding is a matter for political decision making, both at national and local level. Public sector support could be set either higher or lower going forward but that would become an active choice intended to promote</li> </ul>	<ul style="list-style-type: none"> <li>• It is possible that there might be concerns that medium term undertakings would not be honoured</li> <li>• The sector was unable to provide the outcomes, services and products that its public sector funders sought.</li> </ul>	<ul style="list-style-type: none"> <li>• It is not likely that there would be any reason to u clarity about medium term public sector funding regardless of whether integration progressed or</li> </ul>

Cost / Savings	Potential Benefits	Possible Risks	If it doesn't work?
meaningful change is being implemented.	<p>outcomes rather than a year to year reactive process depending on levels of predicted deficit</p> <ul style="list-style-type: none"> <li>• Greater certainty about potential funds and how to tap into them allows more meaningful planning.</li> <li>• The mainstay UHI/SFC funding is reasonably clear. There is a finite pot of money and accessing that is strongly linked to reckonable activity.</li> <li>• SDS funding is similarly clear.</li> <li>• Getting the same sort of situation from the Council, for say the next three years or so, on overall potential funding, and how to access it, would be very helpful.</li> <li>• It would allow more effort on medium term service development and less energy spend on short term financial fire fighting.</li> <li>• It would allow the funders to be clear about what they expected in return for their financial support and service providers to match their services to that.</li> <li>• It would help to resolve uncertainty about public finances and allow more effort to be concentrated on other income streams like commercial work or additional European (e.g. ESF) or national funding streams (e.g. REF).</li> </ul>		<p>not.</p> <ul style="list-style-type: none"> <li>• Indeed without progress on integration that clarity would be even more necessary.</li> </ul>
<b>Overall</b>			
Some one-off implementation costs which could be applied for from change funds if the changes were material enough	<ul style="list-style-type: none"> <li>• It would allow regional and national engagement to be serviced more efficiently.</li> <li>• External partners would find it easier to deal with a unified Shetland position.</li> <li>• Businesses would be more likely to find a single point of contact helped them resolve their training, research and any other needs.</li> <li>• Unproductive overlap and competition between the institutions is reduced.</li> <li>• Staff would have a better chance to develop professionally across a bigger</li> </ul>	<ul style="list-style-type: none"> <li>• Learners could worry that their specific and specialist needs and support would be less well understood and met.</li> <li>• Businesses could worry that their specific and specialist needs would be less well understood and met.</li> <li>• Marketing of the individual brands would be less effective because that was</li> </ul>	<ul style="list-style-type: none"> <li>• As no transfers of staff are required, changes to ownership of assets or moving accreditations or registrations between bodies then just stopping integration wherever it had reached should not be</li> </ul>

Cost / Savings	Potential Benefits	Possible Risks	If it doesn't work?
Recurring annual savings in senior management costs	<p>organisation.</p> <ul style="list-style-type: none"> <li>Students would be more likely to find a single point of contact helped them resolve their learning needs.</li> <li>Marketing of the overall operations services and student experience would be more effective with more shared capacity.</li> <li>It would be easier to pursue key projects because there was move overall capacity to bring to bear on individual items, i.e. ESF funding or the resolution of property issues.</li> </ul>	<p>diluted by integration.</p> <ul style="list-style-type: none"> <li>Staff might worry that they were going to be affected negatively by integration.</li> <li>The pursuit of specific items of service provision or very local development in niche areas was less easy because they had to be justified among a wider range of overall priorities.</li> </ul>	complicated.

**Table 3 - Looking at these actions from the individual institutions perspectives**

Potential Benefits	Possible Risks
<ul style="list-style-type: none"> <li>The Shetland College Board and NAFC Board would continue in pretty much their current forms and the brand images of each institution could be continued if desired.</li> <li>The strengths of public sector, charitable trust and commercial operations could be brought together in a common interest.</li> <li>It would be a positive move towards resolving uncertainty for all, and could generally be a new start to build for the future on and find and implement further improvements.</li> <li>A balanced and well resourced senior management team to ensure educational quality and best practice service development across the sector would be put in place.</li> <li>Further support for transitional arrangements would be put in place for all institutions.</li> <li>There would be better contacts and support from a group of peers working locally in the same area for everyone.</li> <li>Areas of excellence could be shared and showcased by all.</li> <li>Areas of new best practice could be found and adopted by everyone where relevant.</li> <li>Business development and marketing activity could be improved with enhanced resources and a new image built around partnership and excellence.</li> <li>Improved relationships and engagement with UHI</li> </ul>	<ul style="list-style-type: none"> <li>The joined-up operation might lose the focus on niche sectors that the individual institutions have established expertise in and that would dilute quality of learning and teaching, reduce student numbers or business contracts.</li> <li>Management and staff of one or all of the institutions would not like the idea of integration, co-operation and partnership and leave.</li> <li>Members of one or other board would not want to be involved in aspects of tertiary education beyond their current scope and resign.</li> <li>Brand leadership in areas where the institutions currently specialise would be lost because they were in a closer partnership, or that partnership diverted priority and resources away from that specialist area.</li> <li>An agreement that integration could be beneficial in concept, but this proposal for managerial and governance integration would not work and be just too complicated because two organisations were trying to work so closely together without organisational merger.</li> <li>Making these changes just masks a deeper need to significantly reduce the size of tertiary provision in Shetland because fundamentally there just aren't enough students or commercial business to keep what we have developed viable.</li> <li>One institution believes it can achieve a better</li> </ul>

Potential Benefits	Possible Risks
<p>and other partners could be targeted.</p> <ul style="list-style-type: none"> <li>• Priority initiatives or developments of each institution could be supported by the others.</li> <li>• SFC/UHI, SDS and Council funding support could be better assured for the medium term.</li> <li>• The current capacity and expertise we have built up across the sector would be maintained and could evolve as the new arrangements develop rather than change being conducted through a more aggressive process.</li> </ul> <p>These proposals could be taken as far as the first steps and then paused or accelerated depending on results, opportunity and capacity.</p>	<p>result individually by resisting integration and hoping some currently unknown solution emerges or the other institutions have to cease trading.</p> <ul style="list-style-type: none"> <li>• The depth of integration proposed is not enough to ensure that all partners are irrevocably committed and that they will participate for a short time and then withdraw.</li> </ul>

## 6 HOW SUCCESS WILL BE MEASURED

133. Success could be measured by the achievement of the following:-

- Tertiary Education in Shetland recognised as high quality.
- We can keep providing a broad range of courses which are based on researched understanding of local community and business needs.
- There is an increase in overall activity.
- An improved student experience and stronger voice.
- A more efficient use of resources, including staff.
- A decreased reliance on SIC for funding with a medium term goal of self-reliance and long term sustainability.
- An end to destructive competitive behaviour and a single stronger voice speaking to our external funding bodies, representing the whole of Shetland.
- Full engagement, by all three institutions, in a joint long term strategy for Tertiary Education which drives progress on the shared vision.

## 7 RISK MANAGEMENT

134. For the full Risk Register please see Appendix 4.

135. 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.

136. The consultation exercise on the vision for a new integrated college for Shetland created a list of important issues that the group wished to protect from the merger process:-

- Areas of expertise
- Existing funding activity
- Staff goodwill
- Community based tertiary education and its accessibility (breadth of courses)
- Research

- Existing brands
- Academic independence
- Reputation of existing bodies while review was being carried out
- Student Morale

These will be added to the risk register if they are not already on it.

## **8 Conclusions**

137. This report seeks to give a balanced view about whether there are potential benefits of better joined up working between Shetland College, Train Shetland and the NAFC Marine Centre . It also aims to describe the options for further steps and set out plans for how they would be implemented.
138. The Partnership Board remains optimistic about the opportunities for tertiary teaching and learning and research in Shetland and its benefits for business, learners and the community. However it is also realistic and straightforward about the constraints of the context we are operating in and has tried to be frank about areas where progress could be made now, how that can be done and where further work is inevitably required.

END OF INTEGRATION PROPOSALS REPORT

## Appendix List

Appendix 1.	The Partnership Board and Deed of Partnership
Appendix 2.a	Financial Due Diligence Report
Appendix 2.b	Legal Due Diligence Report
Appendix 3.	Vision Report
Appendix 4.	Full Risk Register
Appendix 5.	Joint Cooperation Agreement and Credit breakdown
Appendix 6.	Joint Curriculum
Appendix 7.a	Single Integrated Management Structure
Appendix 7.b	Other Scottish College Structures
Appendix 8.	Further Integration Actions
Appendix 9.	Implementation Timelines
Appendix 10.	Estimated Savings and Costs





**Tertiary Review - Partnership Agreement – Amended for Shetland**

1.	Parties	Shetland Islands Council (SIC) and Scalloway Fisheries Training Centre Trust (SFTCT). (together, the " <b>Partners</b> ").
2.	Purpose	<p>The Partners have agreed to develop proposals for integration of the Tertiary Education, Research and Training operations of Shetland College, Train Shetland and the NAFC Marine Centre.</p> <p>The Partners have agreed to the following key principles and terms set out in this document which will provide a framework within which the development of proposals will now take place.</p>
3.	Commitment	<p>The Partners agree that they wish to develop formal proposals for integration in line with Scottish Funding Council requirements for such action.</p> <p>The Partners undertake that in consultation with staff, students and other stakeholders they shall work together in good faith and in a collaborative and constructive manner to develop those proposals.</p> <p>Decisions on the implementation of any integration proposals will remain with the SIC and the SFTCT to take once the proposals have been developed.</p> <p>Those proposals will need to demonstrate they meet the duty of best value for public bodies and are in the interests of the trust.</p>
4.	Timescale	The Partners agree to work towards a deadline for integration proposals to be developed by October 2015, subject to necessary approvals and agreement of the Scottish Funding Council and Scottish Government.
5.	Establishment of Partnership Board	<p>The Partners shall put in place project management arrangements with representatives from the SIC and SFTCT and others to develop formal integration proposals.</p> <p>This joint arrangement 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 3 members of Shetland College Board who are currently members of the STERT Strategy Group.</li> <li>• the 3 members of the SFTCT Board who are currently members of the STERT strategy group.</li> </ul>

		<ul style="list-style-type: none"> <li>• the Acting Principal of Shetland College</li> <li>• the Interim Manager of NAFC Marine Centre</li> <li>• the Train Shetland Vocational Training Manager</li> <li>• the Business Development and Training Manager from Shetland College/Train Shetland</li> <li>• two staff representatives from Shetland College staff chosen by the Shetland College representatives on the current Staff Stakeholder Group</li> <li>• two staff representatives from NAFC – Marine Centre staff chosen by the NAFC Marine Centre representatives on the current Staff Stakeholder Group</li> <li>• two staff representatives from Train Shetland staff chosen by the Train Shetland representatives on the current Staff Stakeholder Group</li> <li>• one student representative from each of Shetland College, Train Shetland and NAFC – Marine Centre chosen by the respective students of each organization, three students in total.</li> <li>• A representative of Shetland Islands Council Education Service chosen by the Executive Director – Children’s Services.</li> <li>• Representatives of key business sectors co-opted through invitation by the board.</li> </ul> <p>Two Co-Chairs of the Partnership Board shall be nominated, one each, by the Shetland Islands Council and SFTCT members of the board.</p> <p>Should any of these representatives be unable to attend a meeting, they shall be entitled to nominate a relevant substitute if they wish.</p> <p>The Partnership Board will be supported by the SIC Director of Development, the SIC Executive Manager – Change Programme and the Tertiary Review Project Manager with other technical advisors in attendance as required.</p> <p>The Scottish Funding Council, UHI Executive Office and UHI Further Education Regional Board shall be entitled to attend meetings of the Partnership Board as observers.</p>
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6.	Operation of Partnership Board	<p>The Scottish Funding Council shall provide secretariat support to the Partnership Board until integration 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 Partners and project managers for the integration.</p> <p>The Partnership Board shall provide regular reports to the SIC and the SFTCT.</p>
7.	Authority of the Partnership Board	<p>Authority to take the following actions, decisions, and preparation shall be delegated from the Partners to the Partnership Board for:</p> <ul style="list-style-type: none"> <li>• the preparation of the integration proposal document;</li> <li>• consultation on the proposed integration;</li> <li>• the planning of the integration including undertaking necessary due diligence;</li> <li>• recommendation on the allocation and spending of any funding from the Scottish Funding Council for the pre-integration phase;</li> <li>• recommendations on the commissioning of professional advice and support for the pre-integration phase using the funding above; and</li> <li>• recommendations on making any prospective appointments to posts in the potential new organisation.</li> </ul> <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 integration; and</li> <li>• spending over and above any pre-integration funding allocated by the Scottish Funding Council and/or the Partners.</li> </ul>
8.	Funding	<p>The Scottish Funding Council shall provide funding to support the pre-integration 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 Partners. The Partnership Board will be required to comply with any such terms and conditions.</p>
9.	Consultation	<p>The Partners shall each be responsible for carrying out a full consultation with its own students and staff in respect of the proposed integration. However the Partners will work together to ensure such consultation exercises are conducted in a consistent way and in the same, or similar timeframes.</p>

10.	Pre-conditions/ approvals required	The Partners shall work together constructively and expeditiously to obtain the approval of the Scottish Government and Scottish Funding Council to the integration and any other formal approvals required eg the Office of the Scottish Charity Regulator.
11.	Due Diligence	The Partners 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 integration, including making available all required information to professional advisors and providing access to premises where necessary.
12.	Integration Document	<p>The Partners will work constructively and expeditiously to produce an integration 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 Partners.</p> <p>This clause will not prohibit the sharing of information with professional advisors appointed to the Partners to assist in any integration 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 Partners agree to submit to the exclusive jurisdiction of the Scottish courts.

1. The Partnership Board decided to conduct an exercise on vision and values so that the Partnership Board members and others could be actively involved in confirming the key priorities for Tertiary Education in Shetland.
2. It was agreed that the following three questions should be asked:-
  - a) What is your vision for Tertiary Education, Research and Training in Shetland?
  - b) How might moving to a more integrated model help us achieve that vision?
  - c) What do we have to be careful we don't damage or lose during this period and any further change?
3. The views of all Partnership Board members including staff and student representatives were sought. Input was also given by senior UHI staff members Crichton Lang (UHI Deputy Principle) and Mike Devenney (UHI Vice Principal. Further Education). Professor Andy Miller (NAFC based visiting Professor from the University of Hong Kong) and Professor Robin MacPherson (UHI Chair of Creative Industries) also contributed to the exercise.
4. Their responses have been collected together and collated, the complete list of responses can be found at the end of this Appendix 3 .
5. This produced a shortlist of the following 12 points which were reported to the Partnership Board:-

**Tertiary Education in Shetland should...**

- Have a reputation for excellent quality
- Offer a broad range of courses based on research of the local community and business needs
- Become a brand leader on our specialist areas
- Build a stronger student voice
- Find ways to improve access and have a clear progression routes from school up to research level
- Have a halls of residence to help with future growth and to promote a campus feel
- Be better integrated with UHI
- Develop international connections
- Have a single stronger, clearer voice
- Value and develop its staff
- Have a board of governance with the authority and ability to put into action a strategic plan for growth and long term sustainability
- Be more transparent

**A reputation for excellent quality**

6. Shetland College, Train Shetland and the NAFC undoubtedly provide a service to our community and industry that is held in high esteem, achieving high scores particularly on student experience. It is important that we build on what these institutions have achieved and take their proud legacy forward, in the most positive way possible.

7. Continuing and increasing a reputation for excellent quality is a core requirement for encouraging more students to apply for courses. Staff also benefit when their work is recognised for its excellence.
8. For the purposes of growing a reputation locally for excellent quality, we need to not only ensure the student experience is engaging and enjoyable but that the results of their endeavours lead to qualifications of value that can increase their potential earnings and or quality of life.
9. All courses and services offered must be of the highest quality and regularly compared or benchmarked with those in the sector. Feedback from students and businesses needs to continue to be regularly examined.
10. Where we are already offering something of excellent quality whether it's a course (such as our Contemporary Textile Honours Degree) or research (for example the research underpinning the local management of shellfish, or the collaborations with industry to research.....), more should be done to promote it within Shetland, to the UHI, industry and where applicable, internationally.

#### **A broad range of courses based on research of the local community and business needs**

11. As a community college, far from the mainland, we must provide a broad range of courses to meet our community needs. Shetland has a recognisably unique local culture and specialist employment needs and tertiary education must remain supportive of this.
12. That can also create a financial challenge as the numbers of students for individual courses can be limited which requires everyone to be good at understanding options and opportunities to do things differently if that helps sustain a course. We also need to be able to understand the real costs of one activity or another clearly so we make informed choices. We will always have to work with funding partners and others to find ways to strike the right balance in providing a good range of opportunities within financial and staffing constraints and make good choices that are in the best interest of learners and the community.
13. Almost everyone interviewed for their vision said that the courses offered should be based on the needs of the community and local businesses and that market research into future needs had to be carried out to guide the provision of future courses.

#### **Brand leader on our specialist areas**

14. The NAFC Marine Centre is a brand leader with regards to applied marine research. This experience could be widened out to other niche areas within the tertiary sector (in collaboration with the Chair of Creative Industries) to build up strength and depth in the learning and research experience for students.
15. It is acknowledged that funding can be earned from teaching classes virtually both inwards and outwards; with the bulk of the payment going to the teaching source outwardly. In order to maximise this revenue, we have to become the brand leader in a range of niche areas.

#### **A stronger student voice**

16. A more integrated college is able to bring together a larger pool of students. Increased strength of numbers should improve the student voice as long as measures are put in place to help the students to communicate their thoughts.
17. The Student Rep for Shetland College has indicated that while Shetland College and NAFC have access to UHI email, student groups, even inside the same body e.g. Shetland College and Shetland Arts, are not all using the UHI email system. Encouraging its use would help Student Reps communicate with all the students more easily.
18. As the campuses are disparate and there is no single meeting place or after college clubs, it is difficult for students to meet physically as one. The student voice could be improved by allowing Student Reps to be administrators of the college Facebook Page in their own right or allowing them to set up groups connected to the page. Alternatively the students could have their own Facebook Community page where they can meet virtually.
19. Students from Shetland College and NAFC have been active in choosing a president for HISA but at the moment they do not communicate across campuses. Having a single president for the whole of Shetland may help bring the students together. The students should be consulted on what they would like in these regards in a more integrated arrangement.
20. The Report recommends that a workgroup should be set up to consult with students and ensure a stronger student voice under more integrated arrangements and that a student representative should be part of the board of governance as a non-executive member.

#### **Improved access and a clear progression routes from school up to research level**

21. One of the reasons integration was looked at as an option for Shetland's future was that the present operation with three separate bodies did not offer an as joined-up solution for individual students on access and progression as it could be.
22. Having a single one-stop-shop approach which is focused on meeting the needs of each student will avoid lost opportunities for the student and ensure every prospect for fundable activity is not missed.
23. The integrated management team will need to work closely with the two local High Schools, Junior High Schools, local businesses and staff of the three institutions to create a joined up curriculum and ensure clear progression routes for all its students.
24. The NAFC has been held up as an excellent example of a "tertiary organisation" supplying education from FE to PhD. With integration we could develop a rounded tertiary sector for the whole of Shetland which offered opportunities from FE to PhD and post doctoral research in a range of relevant subjects. This should be fully aligned with the Shetland learning partnership to provide learners with the information and opportunities they need from the start.

#### **Halls of residence to help with future growth and to promote a campus feel**

25. It is recognised that, at the moment, due to Shetland College UHI's location on an industrial estate with poor transport links, a wide range of student ages, differing times of classes, no real meeting space and a low level of full time students, there was no "vibrant campus feel" and limited normal "student experience".

26. The NAFC UHI, while it does have a small Halls of Residence on its campus, the 26 cadets normally housed there have commented that there is not much choice of entertaining things to do in the evening. Poor late night return transport links from Lerwick and the high cost of taxi's, tend to prevent students going in to town for more choice of restaurants, to go to the cinema, music concerts or the Clickimin etc. During the day, there is no campus canteen and the restaurant, Da Haaf, is too expensive for students. While the cadets are very happy at NAFC UHI and overall their experience is much enjoyed, it is evident that moving the cadets to a Lerwick Halls of Residence is likely to enhance their overall "student experience".
27. The UHI is planning to build an 80 room halls of residence in Lerwick with a breaking ground date of 2016. With accommodation at a premium in Lerwick, it is thought that it will not be difficult to populate and the prospective halls are generally viewed as a good thing for the two colleges and provide a chance for the further development of the learning opportunities available.
28. It is also hoped that students from both colleges living at the new Halls in Lerwick, close to the sports centre and entertainment facilities and better transport, will be able to foster a campus feel that can be built on, potentially leading to college clubs and student union events.
29. The halls will enable us to better offer courses to people from outer islands, outside Shetland and even opens up the possibility of summer school courses etc. NAFC have already turned down students from India, who they see as a good potential future market, due to a lack of accommodation in their existing halls of residence, Shetland College have lost Textile students from outside Shetland due to lack of student accommodation and the Chair of Creative Industries has also included use of the UHI halls of residence in his plans for growth of the Creative Arts.

#### **Better Integration with UHI**

30. Staff and Managers at NAFC and Shetland College both recognised the importance of building better links and closer integration with UHI. They felt that it offered opportunity to offer better courses to students through accessing on line courses that are already on offer and perhaps, where they can be brand leaders, offering their own courses to a wider audience.
31. It was also recognised that having been so reliant for such a long time on SIC funding they were probably not as aware of other funding that they might be entitled to and that other colleges access.
32. Where staff have already built up links with UHI, such as with Shetland College and Archaeology, it has proved successful and rewarding. This is encouraging and it is thought more could be made of what we have learned so far and that this experience can be shared with the NAFC to its benefit.
33. Closer links to UHI were also thought to offer better potential for career development of staff.

#### **International connections**



34. The NAFC presently has an international connection with Hong Kong University on a research project. Professor Millar who heads this project has indicated that much more research funding could be available to Shetland but that a strategic position would need to be taken by the integrated college to publish research papers and find industry and academic support.
35. Reaching out and making new international industry and academic connections costs little and opens doors to potential new avenues of research, knowledge and funding.
36. If the new college is able to become a brand leader in a subject, as Orkney College now are in Archaeology, and when there is available accommodation, such as the planned new Halls of Residence, there is every reason to believe that students from out with Shetland would be attracted to study here.

**A single stronger, clearer voice**

37. By far the most popular item noted by contributors was to have a single, stronger, clearer voice representing Shetland, as a whole, to the outside world, funding bodies and to Shetland itself.
38. The Scottish Funding Council and UHI have also clearly stated that this needed to happen.
39. A single voice that markets the college to students, businesses and to other colleges will present a single clearer vision of itself.
40. A single voice will be able to negotiate with more strength, whether that is with landlords, funders or suppliers.
41. A single voice is more able to direct a campaign to fulfil the vision objectives of the group.

**Value and develop staff**

42. Staff representatives have expressed an interest in staff being offered the opportunity to develop their skills and qualifications, raising qualifications to Masters or PHD and the publication of papers etc. which would require proper time being set aside to achieve goals.
43. The new joint management team's long term strategic plan would sensibly consider what qualifications will be required to meet their future needs and include resources to implement workforce development.

**A board of governance with the authority and ability to put into action a strategic plan for growth and long term sustainability**

44. Effective governance is arguably the most important issue to get right for the long term well-being and effectiveness of any organisation.
45. 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.

46. Successful organisations 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.

47. 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.

48. All tertiary education arrangements in Shetland are expected to exhibit the same demanding standards of governance and scrutiny as existing UHI colleges. They have to demonstrate adequate governance arrangements to ensure they remain a competently “fundable body” i.e. to ensure that the Scottish Funding Council (SFC) can award SUM’s/Credits and any other SFC income.

49. Later sections of this report will consider the technical difficulties, most significantly relating to pension costs, connected with creating a completely new body. Those same issues applied to using the SFTCT as a host in a merger. However, the potential benefits of better joined up strategic planning, decision making and performance management at the governance level continue to be evident.

#### **More transparent**

50. Due to the complexity of running three sets of budgetary accounts, where the parties compete with each other and, therefore, have understandable problems in sharing some information, it is difficult to establish full clarity regarding each of the parties activity based income.

51. Integrated accounts, with one year end, that are fully transparent to all parties will improve accountability, understanding and trust in itself. More importantly, it will help an integrated management team to better understand how it can improve financial performance and direct more resources at teaching, learning and research.

52. An example of how integration has improved matters in one area already, is the Joint Cooperation Agreement for FE Credits which examined current Credit activity and agreed Credit sharing terms between Shetland College, Train Shetland and NAFC. Shetland College have also given training to a staff member of NAFC and answered all questions to help NAFC understand how to make sure they claim for all activity that they can.

53. All Credits will be recorded in one place with a transparent and easy to understand format.

Transparency not only ensures a better relationship between parties, but allows everyone to see better what generates money and what doesn't.

54. The consultation exercise around a vision for the future of tertiary education then asked;

b) How might moving to a more integrated model help us achieve that vision?

55. Feedback on that question linked to the core objectives is set out in the table below. Further information on the responses is included after that.

<b>Tertiary Education vision.....</b>	<b>How would that be helped by better integration?</b>	<b>How can successful progress be measured?</b>
Have a reputation for excellent quality	<ul style="list-style-type: none"> <li>• A greater shared capacity to ensure educational quality is maintained and improved.</li> <li>• Staff and students can be better supported by a more complete and balanced management team.</li> <li>• Joined-up governance is more likely to agree a single strategic plan for the whole sector.</li> <li>• Better able to concentrate finite resources, knowledge and expertise on key areas for learning, teaching and research.</li> </ul>	<ul style="list-style-type: none"> <li>• Students, customers and staff feedback regards services as being high quality.</li> <li>• Tertiary Education in Shetland recognised as high quality by regulators and scrutiny bodies.</li> </ul>
Offer a broad range of appropriate courses based on research of the local community and business needs	<ul style="list-style-type: none"> <li>• Better able to have a unified Business Development and Marketing strategy.</li> <li>• More able to assign shared resources to implement that strategy.</li> <li>• Students and businesses can more easily deal with single points of contact who then share that information with their colleagues.</li> </ul>	<ul style="list-style-type: none"> <li>• Courses which are based on researched understanding of local community and business needs.</li> <li>• Full engagement, by all three institutions, in a joint long term strategy for Tertiary Education which drives progress on the shared vision.</li> </ul>
Become a brand leader on our specialist areas	<ul style="list-style-type: none"> <li>• Better able to identify the key areas for investment and growth through a shared strategy and unified business plan.</li> <li>• More shared capacity to put together project or development teams to work on developing those areas.</li> <li>• Easier to convince external partners that we have a common and united view of what we want to achieve.</li> </ul>	<ul style="list-style-type: none"> <li>• Identification and agreement on what specialist areas should be.</li> <li>• Coherent plans for their development.</li> <li>• Recognition internally and externally that we are progressing towards and then delivering leading work in those areas.</li> </ul>
Build a stronger student voice	<ul style="list-style-type: none"> <li>• More able to bring the views of all students together across the sector.</li> <li>• More capacity to support students to express their views and ensure those views are made available to management and governance.</li> </ul>	<ul style="list-style-type: none"> <li>• Clear arrangements for student representation and participation are agreed and implemented.</li> <li>• Students, management and governance believe student input is being effectively co-</li> </ul>

Tertiary Education vision.....	How would that be helped by better integration?	How can successful progress be measured?
		ordinated and communicated to the right places.
Find ways to improve access and have a clear progression routes from school up to research level	<ul style="list-style-type: none"> <li>• Joined-up governance is more likely to agree a single strategic plan for the whole sector.</li> <li>• Collaboration with the full range of partners necessary for “whole life” learning is likely to be less complicated with a more joined-up approach.</li> <li>• Transitions within the local institutions can be made easier by integration</li> </ul>	<ul style="list-style-type: none"> <li>• There is an agreed map and directions between all partners about who does what and that map is used by everyone.</li> <li>• Students, staff and business agree that the map is clear and their journeys can be recognised and are clearer because of that.</li> </ul>
Have a halls of residence to help with future growth and to promote a campus feel	<ul style="list-style-type: none"> <li>• As residences will be used by all the institutions it will help if they have a co-operative view.</li> <li>• The focus on the shared development of areas of specialism depends on, then justifies, the availability of student accommodation.</li> </ul>	<ul style="list-style-type: none"> <li>• We have a shared view of how residences would be used.</li> <li>• We create courses and attract students that use them.</li> </ul>
Be better integrated with UHI	<ul style="list-style-type: none"> <li>• UHI have consistently urged Shetland to develop and speak with a single voice on Tertiary Education.</li> <li>• A stronger integrated body will have more capacity, substance and leverage in discussions with UHI.</li> <li>• The combined capacity of the institutions together will be better placed to participate in and contribute to further UHI development.</li> <li>• A clear articulation path will allow students to benefit from learning that blends local and regional delivery.</li> </ul>	<ul style="list-style-type: none"> <li>• We have a shared strategy agreed locally which is aligned to UHI development.</li> <li>• There are clear arrangements for participation and engagement between Shetland and the UHI</li> <li>• Students, staff, management and board members agree that the UHI interface is most effective.</li> </ul>
Develop international connections	<ul style="list-style-type: none"> <li>• A stronger integrated body will have more capacity, substance and leverage in identifying and accessing international connections.</li> <li>• The focus on the development of areas of specialism will depend on and then contribute to the development of international connections.</li> </ul>	<ul style="list-style-type: none"> <li>• International development should be part of the shared strategy.</li> <li>• International links, including students and research activity, are recruited.</li> </ul>
Have a single stronger, clearer voice	<ul style="list-style-type: none"> <li>• With joint arrangements in place it will be much clearer that whoever is speaking for Shetland Tertiary Education and Research is doing that on behalf of the whole sector.</li> <li>• Integration will allow representation on bodies like the Shetland Community Planning partnership to be done more clearly and effectively.</li> </ul>	<ul style="list-style-type: none"> <li>• There is a shared strategy and clear arrangements around who speaks where on behalf of the sector.</li> <li>• There is more effective representation on key bodies and that translates into an improved profile for the sector.</li> </ul>
Value and develop its staff	<ul style="list-style-type: none"> <li>• It will be possible to plan and support staff development better with the increased capacity of joined up arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>• A shared workforce development strategy is defined and agreed.</li> </ul>

Tertiary Education vision.....	How would that be helped by better integration?	How can successful progress be measured?
	<ul style="list-style-type: none"> <li>• A positive move on integration will start to resolve the uncertainty which has existed across the sector for several years.</li> <li>• Staff representation arrangements can be reviewed across the institutions and appropriate changes made.</li> </ul>	<ul style="list-style-type: none"> <li>• Its actions are identified, programmed and implemented.</li> <li>• Staff, management and governance agree that progress is being made.</li> </ul>
A board of governance with the power and ability to put into action a strategic plan for growth and long term sustainability	<ul style="list-style-type: none"> <li>• Internalising the responsibility for shaping change and implementing that will allow governance to focus on the future.</li> <li>• Arrangements such as delegated authority can be examined and adapted as part of integration.</li> <li>• Joint ownership of a shared strategic plan and clear responsibility for its implementation will concentrate governance on finding solutions together.</li> <li>• Integration can allow issues such as sorting out the property problem and creating a proper campus to be tackled together.</li> </ul>	<ul style="list-style-type: none"> <li>• Joint governance arrangements are agreed and implemented.</li> <li>• The operational performance of the joint arrangements is better than individually.</li> <li>• Board members, management, staff and students can identify improvements.</li> </ul>
Be more efficient and transparent	<ul style="list-style-type: none"> <li>• Having joined-up governance arrangements, an integrated management system and clear performance and financial reporting allow everyone to see what is happening more readily.</li> <li>• Sharing resources and skills between the organisations allow efficiencies in a range of areas starting with the senior management team structures.</li> </ul>	<ul style="list-style-type: none"> <li>• The agreement and the implementation of joined up structures and supporting activity.</li> <li>• The development and active use of shared performance and financial management systems.</li> <li>• A decreased reliance on SIC for deficit funding and improved medium / long term sustainability.</li> <li>• Increase in cost recovered activity.</li> </ul>

56. In addition the following benefits of integration in regards to achieving the vision were collated from the group's answers:-

- Creating a stronger student voice and better student experience
- Creating a stronger staff voice
- Having a single governance, management system and set of accounts
- Having a unified Business Development and Marketing strategy
- Having a single strategic plan for the whole sector and a strong direction
- Sharing resources and knowledge
- A single stronger clearer voice
- Developing closer connections to UHI, community and business.
- Sorting out the property problem and creating a proper campus
- Create a "feel good" factor and marketing something new

- Getting charitable status
- Creating a more robust and sustainable financial model
- Becoming free from existing commercial constraints (outside SIC)

57. For further information on the Vision Report please see Appendix 3

### **A Single Point of Contact**

58. Having an integrated college means there is a single point of initial contact for prospective students and business users. Where in the past it was mainly left to customers to find out which institution they needed to go to, having only one point of contact avoids confusion and ensures that each prospective client has their needs fully met by a joined up service. This should improve access especially to those who may be disadvantaged as it reduces the chance of customers falling between services, giving up or being lost.
59. Each customer can be helped, by a single point of contact, to find a course that best fits their needs and where there is no fit, a single service that is talking to all prospective students and businesses can also provide feedback, to the whole organisation, of any new community course needs as soon as they emerge.

### **A single stronger clearer voice**

60. There is an expectation from the UHI and SFC to have a single voice emerge from Shetland.
61. A single stronger clearer voice could help Shetland; be more effective in negotiations, to make connections with other colleges, to gain research funding, to resolve accommodation issues, to create a strategic plan which drives the new college to achieve its joint vision etc.
62. Having a single, stronger, clearer voice was the vision which came out most strongly from the vision questionnaire feedback. This was seen as the biggest benefit of integration.
63. The relationship with UHI / SFC is critical to the success of any local initiative.
64. The relationship is currently good and the integration proposals makes a case for strengthening that further in a number of ways:
- offer improved learner choice and Further and Higher Education experience
  - supports the SFC approach to a sustainable regional approach and area mapping
  - will investigate ways of developing a financial partnership with SFC to tackle estates investment in Shetland
  - further integration brings partner support from the SIC with it
  - better placed to engage in planning to meet the needs Shetland and Scotland
  - drive up operational and financial performance
65. Integration will also make it easier to work closely with the UHI/SFC to find the most suitable and effective strategic approaches to enable investment in estates.

### **Improved transparency**

66. Further integration will provide greater accounting transparency, simplifying the structure and the interface for the Shetland Community, businesses, stakeholders, HIU, SFC and various funding bodies.
67. Integrated financial accounts with income and costs clearly identified will help to support decisions about courses based on evidential business reason as well as educational value.
68. Integrated accounts, with an academic year end that coincides with the UHI funding cycles, will reduce the effort of running three interconnected but separate budgets.
69. An integrated college is a demonstrably more efficient model for the stakeholder SIC regarding the colleges' continued management and funding with only one set of accounts, annual budgets and one management team to interact with. There would be a knock-on efficiency saving within the SIC.

#### **Increased flexibility**

70. Integration should provide more resilience regarding present problems such as lack of accommodation in one campus and staff shortages at management level in another.
71. A greater number of staff to draw on would help in cases of illness or maternity leave.
72. Having access to a larger number of staff with very different skills, qualifications, experience and knowledge increases the flexibility for future curriculum planning and flexibility. Sharing of knowledge, funding application protocols and business contacts on topics such as research, training and commercialisation will benefit all three institutions. Most importantly, sharing knowledge, resources and talent creates new opportunities to find funding from new sources other than SIC and SFC.

#### **A sustainable future**

73. Once a way is found to reduce the accommodation costs, streamline the management structure, eliminate any duplicated roles and restructure to more effectively meet the ambitions of the joint vision, find research and industry funding and find activity growth, the aim is that the integrated arrangements would be more financially robust and sustainable.

#### **Workforce development**

74. Staff representatives have expressed an interest in staff being offered the opportunity to develop their skills and qualifications, raising qualifications to Masters or PHD and the publication of papers etc. which would require proper time being set aside to achieve goals.
75. The integrated management team's long term strategic plan would sensibly consider what qualifications will be required to meet their future needs and include resources to implement workforce development.

#### **Widening equal opportunities**

76. In recognition of the importance of student access and equal opportunities a planning group should be set up to bring together best practice from the existing bodies and decide how those will be best applied in the integrated college.

77. It is agreed that we must endeavour to ensure consistency of advice, information and level of customer service to all students and potential students. In addition we must ensure it is perceived as a “broad church” that can deliver education to meet the needs of a wide range of ability levels. Policies and procedures should be developed and brought together from current practices in each of the three institutions to meet these aspirations.

#### **Improved Access and Articulation**

78. The Shetland Learning Partnership is currently promoting a blended model of vocational training between Anderson High School and Shetland College, NAFC and Train Shetland. It is envisaged that an integrated college will be able to work more closely and more flexibly with the Shetland Learning Partnership to encourage younger students to continue with their education rather than leave school and go straight into work. The Scottish Government has a stated long-term ambition to reduce poverty and raise the educational and wage level of its general population. It recognises the value of promoting access to college and vocational training to disadvantaged or disillusioned children at an earlier stage to break down negative perceptions about formal education and offer them more interesting opportunities to gain qualifications that could transform their lives.
79. Shetland Islands Council, through authority delegated to the Director of Children’s Services, have a local implementation plan to deliver the 39 recommendations of the “Developing Scotland’s Young Workforce” report. These recommendations are aimed at changing the way young people are helped into training, further, higher education and employment and have informed current and planned Tertiary education activity.
80. Most relevant to this is the theme of “College education focused on employment and progression in learning” where the report states that;
- “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”.
81. An integrated college can be more easily tailored to work progressively with the Shetland Learning Partnership, the New Anderson High School and the ongoing needs of the new school and pupils aspirations.
82. It is envisaged that the all developments in integration will use best practice to ensure a seamless model of entry to services is created and regular contact is maintained with local schools, businesses and the community.

#### **A revitalised and more focussed curriculum for Shetland**

83. The process of Integration offers an opportunity to properly investigate the existing curriculum and match them with the future needs of the local community and industry.
84. It is envisioned that the integrated management team would oversee the creation of a single



joint curriculum, without gaps and with proper progression routes based on a long term strategic plan for improvement which embodies and progresses the Joint Vision.

85. The following improvements should also develop the services provided;-

86. A “one stop shop” for individuals, communities and employers, providing full and detailed information about Further and Higher Education, Training and Research in Shetland.

- Increased access for learners to a wider range of facilities and resources including centres of excellence.
- Increased opportunities to meet the SIC priorities for Shetland.
- A stronger, more focussed voice within UHI.
- Making more use of blended and distance learning.
- A shared curriculum and resources for the benefit for learners.
- Single curriculum planning that takes account of all stakeholders across Shetland.
- A greater impact on the implementation of the senior phase of Curriculum for Excellence.
- Opportunities to share good practice to enhance the quality of learning and teaching across the region.
- Improved communication between service providers.
- Comprehensive support and information for employers throughout Shetland including professional development of people in work.
- Work across Shetland with employers; work closer with UHI and partner universities, Skills Development Scotland and others, to increase positive sustainable destinations for learners.

### Individual Meetings on Vision

The following answers were gathered from stakeholders at individual vision meetings;-

#### **What is your vision for Tertiary Education, Research and Training in Shetland?**

Properly resourced tertiary, research and training sector in Shetland that delivers quality services to a broad range of students, whilst taking opportunities to specialise in certain areas e.g. Health Care and Engineering.

Community college that provides a real choice for school leavers and adult returners looking for quality face to face FE and further opportunities for HE, including network delivery and VCing throughout Shetland and would include clear recognised progression routes based on principle of life-long learning and opportunities for all.

New college will provide a range of positive outcomes for students – have a reputation for quality learning.

New college will have resources to develop new courses, based on need, rather than simply offering what we do based on staff skills availability of learning materials etc.

New college will have much better links to industry and provide local employers with courses they need to provide better services.

College would be based on an economic model that insures it receives appropriate remuneration for the services it provides e.g. Social Care and Education.

Business Development area of the college is developed.

Training – provide range of quality short courses and vocational training that meets industry and public service needs.

Quality Learning

Better Teaching resources

Time to develop new courses

A broad range of courses

A wide range of subjects, from entry to PHD, supported by best staff from around UHI.

Staff in Shetland able to develop their subject specialisation to highest standard

Growing instead of shrinking

Time to do research

A strategic overview of what's required

Proper integration with UHI

Better organisation and strategic direction

Making sure every link in the chain is effective

Meeting the need of local business and aspirations of students

Quality community based tertiary education, training and research.

Valued staff and inspired learners.

Research in line with UHI research agenda.

Greater industry connections.

Develop sustainable courses through research.

Look beyond Shetland.

Excellence in governance structure and leadership.

The college should be an establishment which is flexible and responsive to industry and student needs.

It needs to have a range of courses.

It needs to take businesses we do have and make them viable e.g. textile resource should be financially viable.

The college can deliver more exams for funds.

New college should have a 5 and 10 year plan.

The new college research should be further supporting local business and develop PHD and Masters research.

A single, stronger, clearer voice.

World class research projects with connections to industry and funding.

Improved support for local companies and their employees.

Inspirational learning that attracts and retains learners.

Better courses that lead to better paying jobs.

Embracing new technology.

Improved marketing of services.

Capitalising on Shetland's creative talents.

An entrepreneurial funding culture.

Forging stronger links with the UHI and the rest of the academic world.

Efficient and sustainable provision of services.

A state of the art, energy efficient, green campus.

Affordable and attractive halls of residence.

A unique and enviable student experience.

An affordable student canteen and club.

An ethos of enterprise, achievement and invention.

A stronger student voice.

Progressive staff development.

Flexible learner focused courses.

Increased access to learning which includes distance learning.

I would want a new college to become the preferred choice for Shetlanders to study.

A new college with halls of residence could attract students from across the world.

A coherent management structure.

A halls of residence in Lerwick would provide a better student experience.

Organic growth to a sustainable size.

A closer relationship with UHI.

A new board with experience in education, training and research as well as industry and funding.

Greater research capacity.

A more blended education model.

A brand new governance body with no bias from one college or another.

Capitalising on Shetland's creative talent and Head of Creative Industries.

Growth and opportunity.

International recognition for our research.

Community based training.

Genuinely offer young people an excellent learning experience that compares with more established mainland colleges.

A better student campus feel and experience.

Blended learning.

Bigger and better – economy of scale

High quality niche courses that attract students from outside Shetland.

Efficiently managed resources rather than constant competition.

Grow the offering of carefully researched HE courses.

Build up a pot of money for the development of new things.

Become more prominent within UHI.

Halls of residence will help us to attract people to Shetland and for there to be more of a campus feel.

Look at specialism.

Enhance profile of Shetland.

Build on what we have that's good within budget constraints.

The new college should take ownership of courses and become leaders in fields where that is possible.

Maximum range and level (i.e. to taught and research post graduate) of provision can be accessed by full and part time students of all ages/stages (i.e. from school leavers to adult returners and those seeking to undertake Continuing Professional Development(CPD) ) from Shetland with appropriate local delivery/support/facilities and learning resources

Shetland specific strengths (such as textiles/craft/music, place/heritage and environmentally based research and teaching) are built upon to provide both continuing opportunities for local students/teaching staff/researchers, ensure critical mass and to attract in national and international learners/practitioners/researchers.

Partnership with local practitioners, businesses, art/heritage/cultural and other organizations is at the heart of everything we do

Short course and CPD provision is developed to ensure, as far as possible, people can access training and skills development on a 'whatever you need/whenever you need it/wherever and however you need it delivered' basis

More full-time students.

Student accommodation key for growth.

Industry lead research.

An institute with a range of courses that meet the learning needs of learners and the local employment market.

Progression routes all the way through tertiary education from school to research.

Ability to grow, change and adapt with fleet footed governance.

Being brand leaders with our courses where we can

A well researched relationship with local businesses for the provision of vocational, short, FE and HE courses and research

A new board / governance arrangement with the ability to move away from current constraints

Research and marketing

Better connection with UHI

Raised reputation / status

Well defined pathways

A more unified feel.

A clear structure and better communication between bodies.

Better connectivity between student bodies in Shetland – e.g. we should all be using UHI so we have the same email system.

We would wish to look forward to a more comprehensive, integrated, accessible and sustainable portfolio of activity delivered both from and to Shetland.

We would hope that there would be close integration of planning and delivery across all levels of curriculum, close alignment of primary and secondary school requirements and developments with those in tertiary education, demonstrable positive impact for the development and support of local workforce, of supporting the progression of local learners into further and higher education and on into positive career or further study destinations and a portfolio of both learning and research deeply and operationally connected to local employers and industry.

We would hope that the whole would make significant contribution to a strong economic, societal and cultural landscape in Shetland and also help to promote Shetland interests and cultural identity, and also its industries and businesses on a national and international basis.

The new entity should put learners at the centre.

There should be flexibility to change the courses offered depending on industry needs.

A broad base of FE courses (including evening classes) available to all.

Build links with local schools, businesses and wider community.

Funding of research by external funding.

A promise of a place to everyone from 16 – 19 years.

Better more exciting student social activities to create a student identity.

A business environment for business customers.

Research at the college should be well defined and niche which gains a reputation for high quality.

Tertiary education needs to be forward looking and responsive to local economy needs.

Tertiary education needs to be better linked to secondary education.

It needs to provide Shetland with academic and further education experiences with a high reputation for quality. Awards should have credibility and currency and be transferable.

Training needs to be very responsive to business needs, be competitive and give options and choices.

### **HOW MIGHT MOVING TO A NEW INTEGRATED MODEL HELP US ACHIEVE THAT VISION?**

Strategic direction from a board that represents local industry and training needs.

Agreed levels of investment that are not always being questioned each year.

Costs savings from removal of property costs would put new Shetland College on same footing as other colleges and will enable resources to be targeted at developing new business and sustaining existing business.

Focus on strategic management.

Focus on business development.

Income from services currently provided to Education and Social Care would be realised.

Consolidate the campus on a new site next to a bus station, Mareel and the museum.

Maybe the Andersons could be used for a new campus?

Having a single governance and management system.

Expansion / growth.

Unified voice.

Stronger voice for students and staff.

Board would have authority to make changes.

A transparent set of single accounts.

A new single entity would be released from existing commercial constraints.

Cross-cut business development properly supported would be beneficial.

Sharing resources.

A single voice might help commercially as it's more efficient.

Having a proper structure.

There would be scope for sharing of resources and knowledge.

The new college should try to follow UHI research line and attract PHD students.

If there was some way that integrated cooperation between existing bodies could help improve research capabilities or funding that would be beneficial.

Bigger scale.

A single governing body which is able to make quicker decisions, on a sensible commercial and educational, basis without undue political influence.

Cut cost of overheads by having a stronger more focussed voice in negotiations with landlords etc.

Possible access to new avenues of funding from EU and SFC.

Create positions for funding, marketing and business development.

A single voice.

More transparent accounts which will help show areas for future saving and growth.

Sharing resources.

Cross-over of teaching load

Stronger set up in Shetland.

Strong focused dynamic leadership of a single entity.

Bigger size will make us stronger.

We should be able to sort out the campuses jointly (future funding).

I can't imagine anything. Joining NAFC and Shetland College won't work because they're so different. Joining Shetland College and Train Shetland will work though. NAFC should be left to sink or swim on its own. Marine, fishing and aquaculture businesses should pay for the courses NAFC do, not SIC. Shetland College should stay inside SIC and be funded by SIC indefinitely as the best option, that way we can avoid extra costs regards collective pay bargaining.

A single governing body with control of its funds and providing quick, flexible decision making.

Having a strategy for the whole sector and plans to achieve it.

Create a feel-good factor.

New dynamic driven ethos.

Single point of focus for the sector from community planning to the man on the street.

A single college will be able to look carefully at the three entities and make clear decisions.

One entity should be less costly as it will get rid of duplication.

A single entity should be able to make savings in relation to the buildings.

The new college will have charitable status so will be able to run campaigns to raise funds and save on VAT.

Sharing resources and knowledge.

A single board that has power and makes decisions based on the pursuit of educational excellence.

Building on and improving a stronger student voice.

It MIGHT create efficiencies and economies of scale in management, administration, facilities and shared services

It MIGHT foster a greater sense of identity and belonging to a tertiary academic institution as both College and University for both staff and students

It MIGHT assist in ensuring that the combined entity has a more robust and sustainable financial model

Independence from SIC and having charitable status may have tax advantages.

More flexible governance.

Quick decision making process.

Being able to buy in expert opinion on the board that is currently unavailable.

Marketing a new improved image.

Having a business development department that can research and sell.

Getting the governance right with key interests represented on the board

One single structure pulling together.

One website, Facebook page, brand image will be easier to market.

Stronger student numbers and a stronger student voice.

The new college should run a confident marketing campaign with pizzazz to launch itself from day one.

Simply through greater critical mass than any single part currently has, and the opportunities for operational financial efficiency and new development/activity that this would bring.

There would also be greater ease of aligned strategic planning and delivery to achieve the goals articulated in question 1) above, both through effective use of physical estate and through staff resource and support service provision.

Better use of current skills and qualifications of staff in workplace.

Better management structure to improve communication.

Improve student and staff voice.

Business representation on the board of management.

Single voice.

Reduction of overheads.

Single direction for Tertiary Education and Training.

Not competing with each other.

**WHAT DO WE HAVE TO BE CAREFUL WE DONT DAMAGE OR LOSE DURING THIS PERIOD AND ANY FURTHER CHANGE?**

Community based education

Textile course

The new model needs to protect the progress I've made in partnership working with UHI

Further erosion of staff goodwill

Plans being implemented that don't have staff commitment

Erosion of Terms and Conditions

That Tertiary Education becomes the poor cousin to maintaining research activities

Community based education that is accessible to all

Over reliance on balancing the books, where this is not realistic given the finite population Shetland has

Staff and students need to buy in to change.

Protect areas of expertise.

Protect academic independence.

Staff might leave.

Staff and Students stronger voice needs to be listened to.

Protect current business to give new college a good platform to build on.

Make sure research is protected and take care that the core body of staff that is required to carry out research is maintained during transition.

Protect the NAFC brand so there's something to build on.

Existing student experience where it's good should be protected.

We need to protect the current breadth of course offerings.

We're in danger of losing staff.

Having 3 years of review, with its uncertainty, has drained the good will of staff. It's important that we keep key staff for stability.

Reputational damage caused by delay in making a decision can reduce class numbers.

Any or all of the above potential benefits might not be realized depending on the effectiveness of the planning and governance of a new merged entity

Existing or prospective funding, partnerships and regulatory benefits could be jeopardized in move to new constitution/governance

Staff and student morale and engagement during a period of potentially widespread changes could suffer on a short, long or even permanent basis with a consequent impact that might mitigate some or all of the ostensible benefits

The effort and opportunity cost associated with the reorganization could negatively impact on current operational and development activity to extent that predicated benefits are negated or more beneficial alternative developments foregone

It is important not to destabilise the already fragile situation.

Protect where we are brand leaders e.g. Engineering, Cadet course, Textiles and Creative Industries Chair.

Staff morale and productivity have been damaged by length of time the review has taken – making sure a decision is made sooner than later would help

Protect areas of expertise.

Don't forget older students.

Make sure you keep students informed of changes (via their email and college Facebook pages).

Don't let announcements happen in press first.

Protect areas of expertise like the textile course.

There are some key strengths already in place within the providers, and we would not want to lose staff or resource critical to the delivery of any key areas of delivery (either through lack of employee confidence or overly crude cost-saving strategies).

UHI would need to retain confidence in the ability of a merged entity to deliver an appropriate breadth of activity to an appropriate level of quality, and likewise there would need to be confidence in key local stakeholder groups that the merged entity will be able to continue to support (and ideally in an enhanced manner) their specific interests.

The merger should not create any hiatus in the growth and development of activity in any area at what is quite a critical time of change in Scottish Governments thinking with regard to education.



Train Shetland Should not be forced to use Shetland College if their learner needs to go to a mainland college with a more suitable course.

Reorganisation should be transparent and staff kept up to date and consulted.

It must be careful to avoid losing a generation of students by causing confusion and doubt.

It should safeguard senior phase academy – Shetland Learning partnership.

Make sure good staff don't get lost.

Links with employees.

Shetland's contribution to National Agenda.

Research reputation at NAFC.

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<b>Report : Tertiary Review – Project Risk Register</b>	
<b>John Smith, Change Programme Manager</b>	<b>Shetland Islands Council</b>

DATE	RISK	RISK RATING	ACTIONS TO MITIGATE RISK	RESIDUAL RISK	RISK OWNER	REVIEW DATE
May 2013	Reduction in current activity levels.	Probability: Impact: Total:	This risk exists whether a single organisation model is implemented or not due to planned funding reductions. Arguably the creation of a stronger and more coherent single commissioning model and service delivery model will enable a lesser reduction in activity as might otherwise be faced.	Probability: Impact: Total:	Project Exec/PM (Project Manager).	Monthly by the Project Board.
	Fears relating to the loss of current activity due to funding reductions may mean that important strategic decisions are extensively delayed.	Probability: Impact: Total:  This is considered to be a moderate to	Mitigating actions would have to be taken to ensure that all parties have trust in the process being followed and work to expedite its implementation to minimise the negative impacts of prolonged uncertainty.	Probability: Impact: Total:	Project Executive/P M.	Monthly by the Project Board.

		high risk.				
	There is a risk that the substantial remodelling of the services becomes a significant expense over the implementation period and no one is prepared to support this cost.	Probability: Impact: Total:  This is considered to be a moderate risk.	Merger activity in the FE sector in the rest of Scotland has attracted funding from national organisations and this may be available to Shetland. Furthermore SIC may regard this as substantial strategic project and/or a spend to save project which could support SIC investment in change.	Probability: Impact: Total:	PM.	Monthly by the Project Board, overview by Programme Management.
July 2014	The project does not have sufficient capacity and resources to be implemented.	Probability: Impact: Total:	Project Management time and Project Admin time has been allocated. A strong project team will be established. The Project Board has access to additional resources through re-prioritising funding allocation on a one-off basis if necessary. Assistance has been identified through the Change Programme process.	Probability: Impact: Total:	PM	Quarterly by Project Board.
	Capacity to engage all the key players may be difficult given the number of changes being introduced locally and nationally.	Probability: Impact: Total:	An effective communication plan taking account of linked projects will be created. Project Team and Programme Board members can prioritise work for a number of those who will be involved.	Probability: Impact: Total:	PM	Ongoing.
	Given the large number of stakeholders to engage, consult and inspire progress may be slow.	Probability: Impact: Total:	Effective Communications plan. Detailed planning at the outset. The Project Executive can take overall decisions involving the Programme Management where decisions affect services out with his sphere of responsibility.	Probability: Impact: Total:	PM.	Monthly formal review of progress against timeline by Project Board.
	The number and complexity of work streams within the project may make progress difficult and	Probability: Impact: Total:	Effective Communications plan. Detailed early planning. Co-ordination by PM. Seek to secure best skill fit for each work stream. Access to relevant expertise needs to be secured.	Probability: Impact: Total:	PB.	Ongoing and particularly at each end stage.

	integration outcomes complicated.					
	Having stalled once there is a risk that further delay or setback will derail the project completely	Probability: Impact: Total:	Project planning, progress monitoring and reporting will have to be particularly sensitive to further potential issues and ensure they are rapidly escalated and resolved	Probability: Impact: Total:	PB.	Ongoing
	Uncertainty over regional and national partner medium term plans	Probability: Impact: Total:	Early discussions with each of the key external partners in the project to clarify their short and medium term plans should reduce uncertainty	Probability: Impact: Total:	PM	August
	UHI has experienced some issues with pension admission when creating a new body	Probability: Impact: Total:	Discussions with UHI and Scottish Funding Council to understand risk more fully	Probability: Impact: Total:	PM	September
	Shetland may be first Scottish merger to use the "Pheonix" route	Probability: Impact: Total:	Discussions with Scottish Funding Council to understand any risks or impact on timetable more fully	Probability: Impact: Total:	PM	September
December 2015	Delay in solving pension issue may impact on merger start date	Probability: Impact: Total:	Investigate other integration model options that wont trigger pension issue but give desired result – Discuss with Due Diligence team, UHI and Scottish Funding Council	Probability: Impact: Total:	PM	December
January 2016	Integrated Management Structure may not be in place by proposed integration date	Probability: Impact: Total:	Gain approval for this option of progress as soon as possible – avoid delay. Recruit new Principal early. Have verified job descriptions available.	Probability: Impact: Total:	EM/PM	January
	Integrated Management team may be swamped by change aspects of their work on top of normal college work	Probability: Impact: Total:	Ensure enough extra capacity is in place during change period to cover the extra work involved.	Probability: Impact: Total:	PM	January


**Risk evaluation total = likelihood of occurrence (probability) x impact if it occurs**

**1 Insignificant      2 Minor      3 Moderate      4 Major      5 Extreme**

### **Risk Review of not progressing integration.**

As part of Risk Management an analysis has been done of what might happen if these next steps are not taken. While each institution would no doubt tackle improvement as well as possible it would primarily leave the level of resources which each could attract as the main variable in future delivery. The observations from this analysis are set-out below.

### **Potential Benefits**

- The work to do management restructuring would not have to be carried out.
- Work would not have to be done to join up governance better.
- There might be a simplification of responsibility for the resolution of issues and challenges as they would just have to rest with each institution separately.

### **Possible Risks**

- No positive moves would have been taken and the fundamental issues would remain the same.
- The attrition of uncertainty, particularly around funding and sustainability, would remain.
- Further key staff would probably be lost through continuing ad-hoc resignations.
- Local completion for available students and core funding sources would be very likely to intensify as funding pressures rise.

- Unavoidable costs of strengthened independent management appointments would probably have to be funded within existing overall available resources. Teaching and commissioned services are likely to be the only area of discretionary spending in the sector where reductions could be made.
- External and internal partner's patience would be strained further, potentially to a breaking point.
- Solutions to complex shared issues like property would be very difficult to progress, which would most likely end up in a crisis situation as leases come towards their end and no co-ordinated alternatives have been prepared.
- The Council would be likely to reassess its overall funding priorities in the context of tertiary integration being undeliverable.

### **Cost / Savings**

- The appointment of a depute principal at Shetland College may have to be extended for the long term and other long term arrangements would probably be needed at Train Shetland.
- Estimate C+£100k per annum additional cost.

### **The future for closer working arrangements.**

- While co-existence would continue, it would seem unlikely that substantive integration between the local institutions would be attempted again in the foreseeable future.
- Individual areas of co-operation would probably be examined but experience suggests that is likely to be a series of long drawn out processes with limited results.
- It would be more likely that any structural coming together would only be triggered by crisis events like the inability of one institution or other to continue trading or through a fundamental shift in regional or national arrangements.





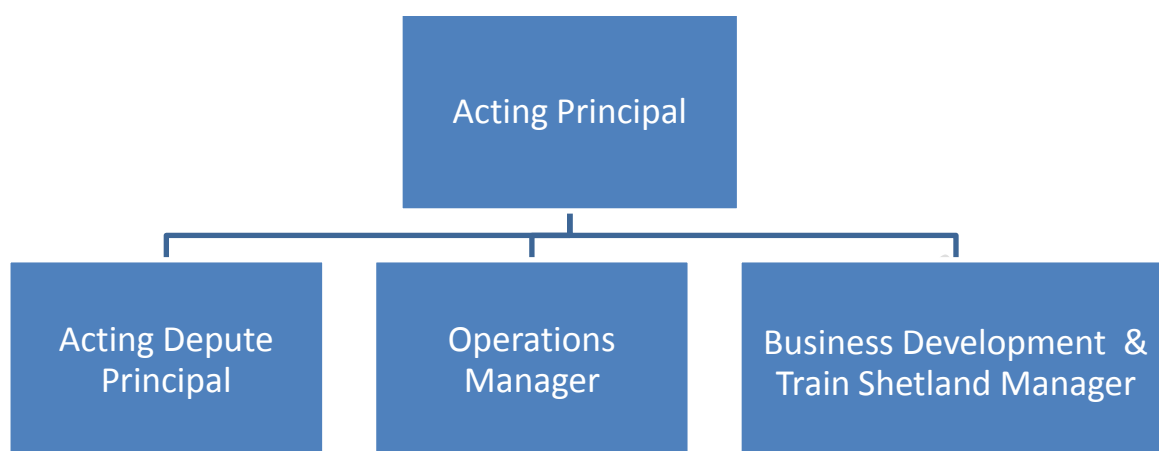
No courses have been removed or added as this will be the job of the new management team. This list shows the starting point for any joint curriculum only.

<b>New Shetland College</b>	
Business and Hospitality	HE
Business and Hospitality	FE
Community Learning	Essential Skills
Community Learning	ESOL
Community Learning	Centres
Computing	HE
Computing	FE
Construction	HE
Creative and Cultural Industries	FE
Creative and Cultural Industries	HE
Health and Care	FE
Health and Care	HE
Hair Dressing	FE
Sound Engineering	FE
Video Production and Film Making	FE & HE
Aquaculture	
Marine Engineering	
Nautical Cadet	
<b>Short Courses</b>	
Business Gateway	
Developing Yourself	
First Aid	Including at sea
Health and Safety	Including at sea
IT Courses	
Sea Survival	Nautical Short Courses
Sea Fishing	Nautical Short Courses
Navigation	Nautical Short Courses
Simulator Training	Nautical Short Courses
Pilot / Skipper Training	Nautical Short Courses
Information Systems and Signals Training	Nautical Short Courses
Nautical Management Training	Nautical Short Courses
Boat Handling	Nautical Short Courses
<b>Apprentice Courses</b>	
Built Environment Design	
Children & Young People	
Construction: Built Environment Design	
Construction: Carpentry & Joinery	
Engineering: Maintenance	
Engineering: Fabrication & Welding	
Professional Cookery	
Social Services and Healthcare	

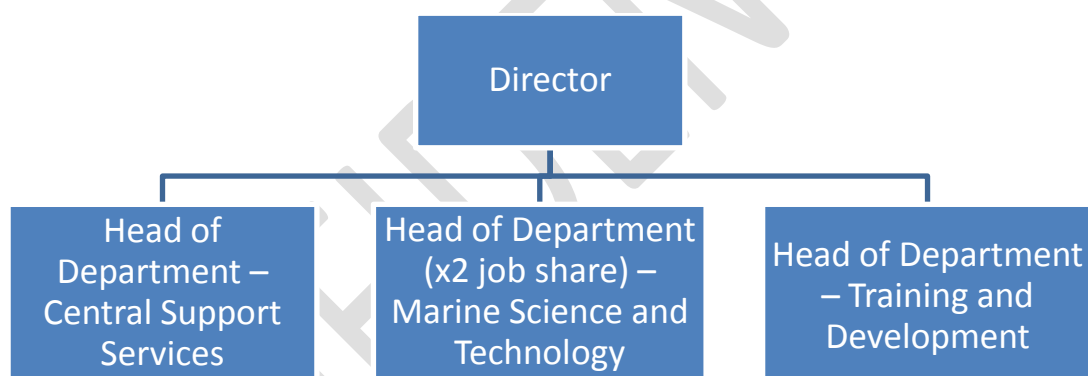


## Appendix 7.a Current and Proposed Senior Management Structures

### Shetland College Management Team

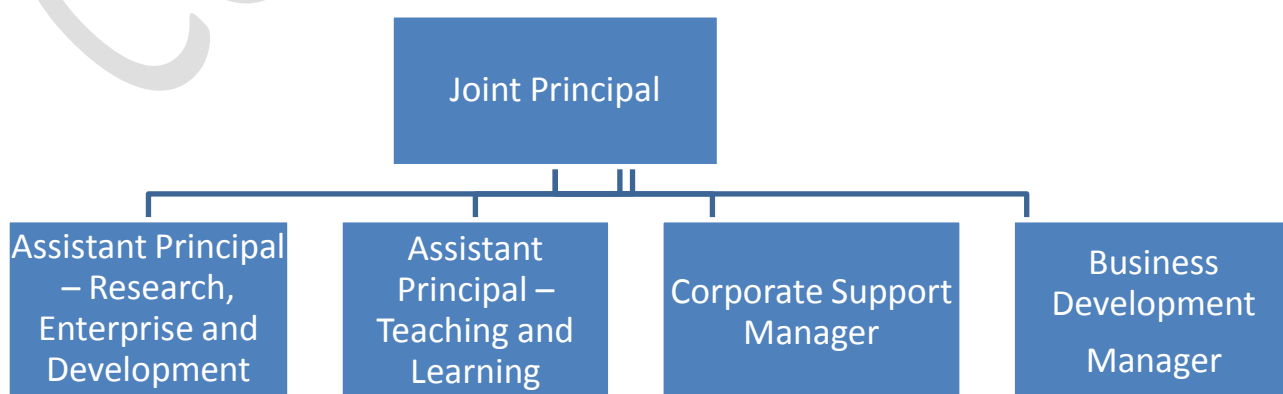


### NAFC Marine Centre Management Team



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### Proposed Integrated Management Team



## **Costs**

<b>INDEPENDENT MANAGEMENT STRUCTURES</b>	
<i>Shetland College / Train Shetland</i>	
Acting Principal	
Acting Depute Principal	
Operations Manager	
Business Development and Train Shetland Manager	
<i>NAFC Marine Centre</i>	
Director	
Head of Department – Training and Development	
Head of Department - Central Support Services	
Head of Department – Marine Science & Technology (job share)	
Total Cost Per Annum (inc. NI & Pension)	£564,000
<b>INTEGRATED MANAGEMENT STRUCTURE</b>	
Joint Principal	
Assistant Principal Teaching & Learning	
Assistant Principal Research, Enterprise & Development	
Business Development manager	
Corporate Support Manager	
Estimated Total Cost Per Annum (inc. NI & Pension)	£365,000

## **Responsibilities**

### **Proposed Integrated Management Team**

#### **Joint Principal**

Reporting to the joint board.

Overall responsibility including, staff, finances and operational activities of Shetland College (including Train Shetland) and NAFC.

Responsible for the effective and strategic development and operational management.

Responsible for securing and managing capital and revenue finances for both colleges jointly.

Responsible for the production and presentation of required management and academic reports.

Responsible for representing the colleges to the Council, funding bodies, UHI, SFC and other partner agencies.

Responsible for robust performance and risk management systems.

Responsible for creating and implementing a joint strategic plan for improvement.

Responsible for ensuring Shetland Council and SFTCT's statutory legal obligations are met in regards to Shetland College and NAFC.

Responsible for providing leadership, direction and management to all staff to achieve the delivery of service improvements, meet Council and SFTCT legal obligations and statutory duties and promoting joint working between NAFC and Shetland College.

Responsible for setting budgets and the promotion of transparent joint accounting.

Responsible for providing reports to Council, partner agencies, funding bodies and elected members as required.

Responsible for maintaining awareness of developments in national policy.

Responsible for reducing the colleges' joint reliance on Council funding and increasing other sources of funding.

Responsible for student centred learning environment and that equality, diversity and access best practice is upheld.

Responsible for the development and delivery of FE, HE, Vocational, Short Courses and research.

To carry out performance appraisals of direct reports.

Responsible for other duties where the Joint Board request.

#### **Assistant Principal - Research, Enterprise and Development**

Reporting to Joint Principal

Responsible for joint research staff and research students.

To carry out performance appraisals of direct reports.

Responsible for increasing research funding and ensuring research and development become self-funding.

Responsible for ensuring research papers are published.

Responsible for securing international academic connections and research contracts.

Responsible for promoting joint working between NAFC and Shetland College.

Responsible for other duties where the Principal requests.

### **Assistant Principal – Teaching & Learning**

Reporting to Joint Principal.  
Responsible for all Teaching and Learning staff.  
To carry out performance appraisals of direct reports.  
Responsible for development of a joint curriculum.  
Responsible for joint Academic Quality Assurance.  
Responsible for joint development of new courses.  
Responsible for joint development for on line courses.  
Responsible for joint Learner Support / Guidance Coordinator.  
Responsible for joint SQA/UHI Examinations Officer.  
Responsible for joint student engagement in relation to creating a stronger student voice and the improvement of student experience.  
To promote joint working between NAFC and Shetland College.  
Responsible for other duties where the Principal requests.

### **Corporate Support Manager**

Reporting to Joint Principal.  
Responsible for ensuring an efficient set of policies, systems and procedures are in place for the effective operation of the joint business.  
Responsible for joint Admissions and Student Services.  
Responsible for Joint Finance.  
Responsible for joint HR process and administration including non-academic staff development review.  
Responsible for Joint Administration.  
Responsible for joint IT.  
Responsible for joint Estate Management, Facilities and its capital budget.  
Responsible for joint catering, cleaning, janitorial and housekeeping services.  
Responsible for Joint Library.  
Responsible for Health and Safety and will chair its committee.  
Responsible for Equalities, Access and Inclusion.  
Responsible for the liaison with Head of Section for Community Learning and Guidance Co-ordinator re monitoring and evaluation practice.  
UHI/SFC coordination (non academic matters).  
To promote joint working between NAFC and Shetland College.  
To carry out performance appraisals of direct reports.  
Responsible for other duties where the Principal requests.

### **Business Development Manager**

Reporting to Joint Principal  
Responsible for Joint Short Courses  
Responsible for Joint Vocational Training  
Responsible for Joint Marketing and PR  
Responsible for joint business development across the three institutions.

|

- Liaising with local business, funders and press.
- Responsible for growing business and student numbers.
- Responsible for European projects.
- Responsible for all required plans and reports.
- Responsible for QA and qualification status.
- Working with Principal to develop and implement strategic plan.
- Working with Depute Assistant of Research to increase research funding and raise external profile.
- Responsible for promoting joint working between NAFC and Shetland College.
- To carry out performance appraisals of direct reports.
- Responsible for other duties where the Principal requests.

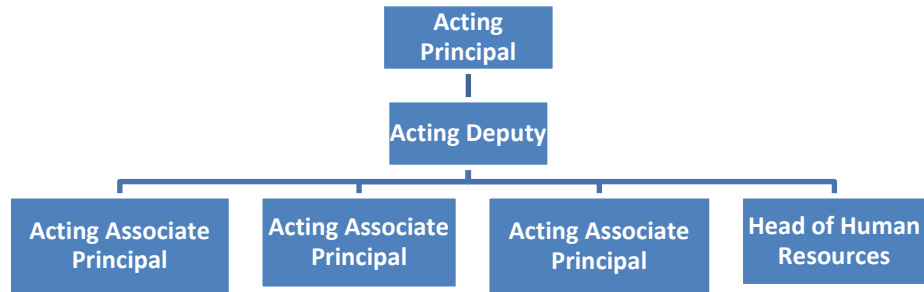
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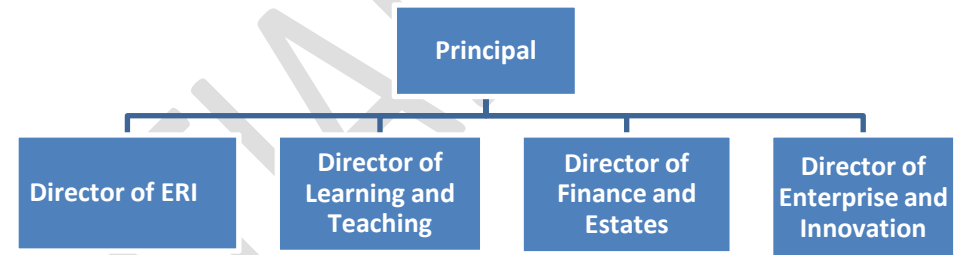


## Other Scottish College Structures

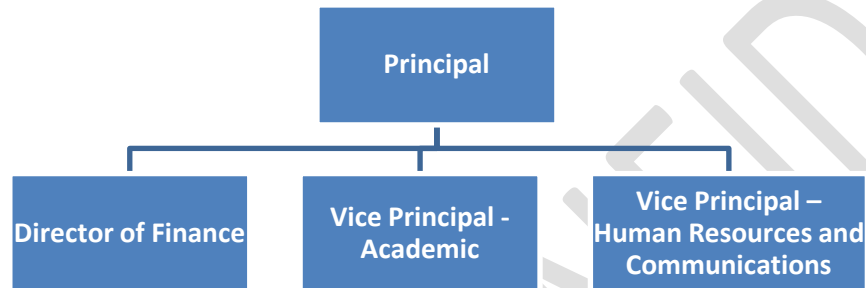
Moray College:



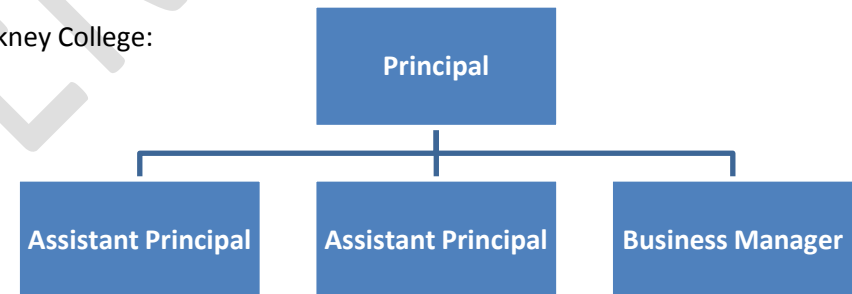
North Highland College:



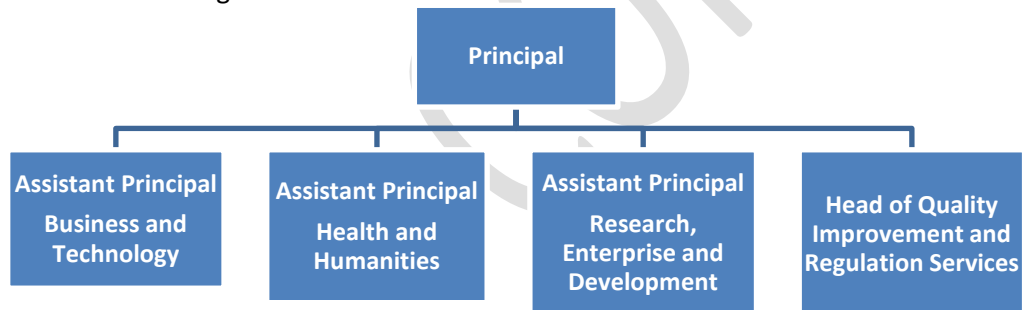
West Highland College:



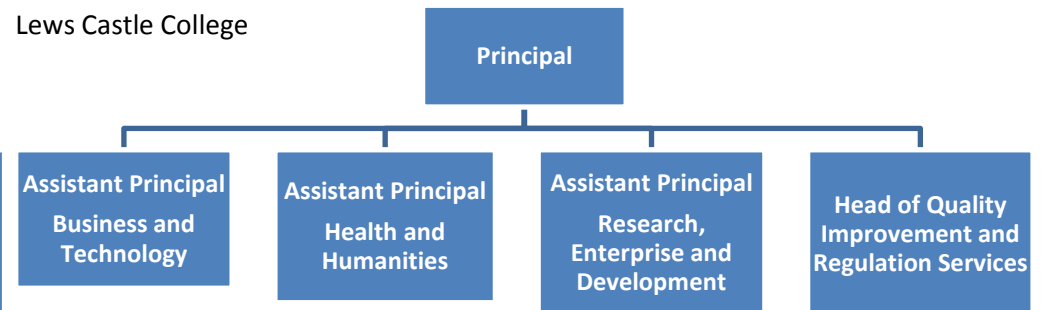
Orkney College:



Perth College:



Lews Castle College





## Appendix 8 – Further Integration Actions

This appendix summarises the additional actions the Partnership Board recommends should be progressed in addition to the four key recommendations of the Integration Proposals Report.

While the larger part of these actions will probably have to be concluded and implemented under the post September 2016 arrangements, it would be valuable for as many of them as possible to be considered and initiated as soon as that was realistic.

**Learning and Teaching / Curriculum Review** - Integration provides an opportunity to reassess Shetland's educational needs and create an ambitious, more joined up vision for the future. It is envisioned that the new management team will specifically investigate and plan the items under this section.

Going through the process of integration should highlight strengths and weaknesses of finance, staff structures, college performance, lease costs and legal issues etc. which by illuminating weaknesses and strengths, should help provide guidance to create a blue-print for a more robust, higher quality and more ambitious college.

It is envisioned that key staff and members of the new Management Structure will investigate thoroughly the courses the joint group are currently undertaking to ensure that they are meeting current and future local industry and community needs but also for financial viability and make any changes required. A summary of the current curriculum offered across the three institutions is included in Appendix 9

**Educational Quality Assurance** – Any integration will continue to need to pass the scrutiny of SFC/UHI/HMIE and Education Scotland across the whole of its campus. To that end existing quality control measures performed at Shetland College, NAFC and Train Shetland should be homogenised and rolled out across the group.

SFC/UHI/HMIE already scrutinise both Shetland College UHI and NAFC UHI (at HE level). Short courses and apprentices are also quality controlled and fully approved by Skills Development Scotland for the services provided by Train Shetland UHI and NAFC UHI.

The highest quality controls need to be in place for all services at all levels. A work group of key staff should be set up to create a plan for quality control across the group.

In the meantime Shetland College and NAFC are already working together to harmonise the quality assurance of the FE activity at NAFC UHI which is intended to be added to SITS by Shetland College UHI.

**Workforce Relations and Staff Development** - Staff will continue to be employees of both parent organisations through this next stage of integration. Therefore existing HR arrangements and policies, including pension arrangements etc. can be continued in the short and medium term. Any new appointments would have to be made to one organisation or the other, typically that would be determined by the area of activity.

However a harmonisation process will have to be developed to ensure that differences in conditions of service do not become a barrier to the best teaching and learning arrangements or fail to provide effective and efficient business support. Advice on how to

align any development with best practice in the further and higher education sector in the UHI area and Scotland will be sought from UHI and SFC and staff and Union consultation and communication will continue.

The Council will continue to seek to mitigate effects of structural change for affected staff through the application of its Organisational Change procedures.

**The Pensions Issue** – Due Diligence confirmed that there were significant challenges to moving to full organisational integration. The options and costs of that should be investigated further to see if a more affordable method can be negotiated.

**Tertiary Education Property** - Initially all parties will stay in the buildings they are in, therefore, the proposed integration actions should not mean any additional costs or savings in the short term. That situation may have to continue until current leases are nearer to their contractual end points unless there is some new development.

It must however be a priority of any integrated operation to actively pursue some constructive change as quickly as it can. The property costs across the three institutions are unsustainably high and impose a severe burden on the sector. Whenever a lease break point can be established there is the opportunity for a significant saving in rental and maintenance. Either after negotiations or should the colleges moving to more affordable accommodation. At the moment relocation costs involved should be recouped from significant reduced rental rates.

The new management team and governance must pursue any options they can for a rental holiday, increased utilisation of existing space or consolidation of the number of buildings occupied in the first instance. In the medium term they must determine what property the sector actually needs and look at their widest range of options to obtain those appropriate and cost effective premises.

**Financial Management** – At this time Shetland College and Train Shetland's finances are handled substantially by SIC Finance, the NAFC have their own Finance function. Each organisation is required to comply with the financial obligations related to their status. The Council has to meet local authority financial management and reporting requirements, the NAFC must meet OSCR obligations. Both have to provide college operation statement returns to the SFC and both have to meet the demands of the UHI.

The proposed integration actions do not change this but there is an ongoing incentive for all the institutions to find a way to manage that more efficiently and effectively. Co-operative working will be best served by the availability of timeous and straightforward management reporting. Examining the opportunities to progress this should be a priority of the new arrangements.

**Communications** - A work group should be set up, with key staff and the new joint management team, to agree joint communications protocols across the new integrated college to ensure that staff, students and customers of the three institutions can be reached and kept informed. That communications work should also ensure that students and staff have a stronger voice under the new arrangements.

**Student Services and Records** - This service is duplicated in both NAFC and Shetland College.

There may be harmonisation issues but there could also be savings depending on decisions made. No significant costs estimated.

**Marketing** and Business Development – This has been an area consistently identified as a priority throughout the whole 5+ years of review. However it has proved very difficult for any of the individual organisations to sustain any effective action to take matters forward. When an appointment has been made or a budget established the day to day operational demands of each organisation has diluted or eliminated that initiative. The proposed structure has a senior management role dedicated to this function. That has to be supported by a translation of that intent into concrete action. It has been estimated cost of rebranding and marketing in the first year would require a budget of approximately £40K.

**Information Technology** - Shetland College and NAFC both mainly use UHI software for email, internet access and file and print services. Shetland College and Train Shetland also use some Council systems, principally Integra for Financial Management and HR21/CHRIS21 for HR. Each institution also uses some local systems for particular business purposes. There has not been any local rationalisation of systems to support student records or customer relationship management.

Continuing to use existing ICT systems in the short to medium term should not present any issues. Harmonisation of systems, particularly to improve the quality of student information, communications and marketing presence and business engagement needs to be reviewed as there are potentially significant benefits to be obtained.



## Appendix 9 – Timelines

### Meetings and Report Circulation Timeline

Date	Item
5.30 - Thursday 28 <sup>th</sup> Feb 2016	NAFC Board meeting to consider the v3.9 draft on the Integration Proposals Report.
Monday 1 <sup>st</sup> Feb 2016	Final Draft of “Integration Proposals Report” (v4.0) circulated to STERT Partnership Board for its meeting on Thursday 4 <sup>th</sup> Feb.
Monday 1 <sup>st</sup> Feb 2016	Final Draft of “Integration Proposals Report” (v4.0) submitted to SIC agenda management.
2.00 - Tuesday 2 <sup>nd</sup> Feb 2016	Council Policy Forum + informal College Board Update.
2.00 – Friday 5 <sup>th</sup> Feb 2016	STERT Partnership Board meeting to consider v4.0 draft.
tba	Final version of “Integration Proposals Report” (v5.0) cleared through SIC agenda management.
tba	NAFC Staff Meeting.
9.00 – Thursday 11 <sup>th</sup> Feb 2016	E&F / SCB Pre-meeting.
10.00 – Thursday 11 <sup>th</sup> Feb 2016	Special Education & Families consider “Integration Proposals” report.
11.00 – Thursday 11 <sup>th</sup> Feb 2016	Shetland College Board consider “Integration Proposals” report.
3.30 – Thursday 11 <sup>th</sup> Feb 2016	College Lecturers JCC consider “Integration Proposals” report.
10.30 – Friday 12 <sup>th</sup> Feb 2016	EJCC Pre-meeting
11.00 – Friday 12 <sup>th</sup> Feb	Employees JCC consider “Integration Proposals” report.
Monday 15 <sup>th</sup> Feb 2016	Policy & Resources consider “Integration Proposals” report.
Wednesday 24 <sup>th</sup> Feb 2016	SIC & SFTCT consider “Integration Proposals” report.

## Appendix 9 – Timelines

### Integrated Management Structure Timeline

Date	Item
Jan / Feb / March 2016	Draft Job Profiles, job sizing arrangements, recruitment process for Joint Principal and then Senior Management Team progressed with input from UHI & SFC advisors.
Jan / Feb / March 2016	Individual discussions held with potentially affected staff.
Feb / March 2016	Agreement to use the “SIC Organisational Restructure Policy” and “Matching Guidelines” or some other arrangement as the basis for the approach to management restructuring.
Feb / March 2016	Agreement to use the “SIC Early Retirement, Voluntary Redundancy and Redeployment Policies” or some other arrangements for affected staff.
Feb / March 2016	Agreement to use “SIC Chief Officers Appointment Protocol” or some other arrangements as the basis for the recruitment of a Joint Principal.
March 2016	Joint Principal Appointment Panel structure and membership confirmed and details of the recruitment process agreed by the Appointment Panel.
March 2016	Joint Principal and Management Team Job Descriptions, Job Sizing, Terms and Conditions etc. finalised.
March 2016	Establish where any directly affected staff want to be considered for “Early Retirement” or “Voluntary Redundancy”,
March 2016	Complete “Matching” process with appropriate expert advice, confirm which recruitment exercises are required and agree any “Ring Fencing” arrangements for those.
April 2016	Joint Principal post advertised
May 2016	Joint Principal interviews and appointment
June / July 2016	Management Team posts matched/advertised
July / August 2016	Management Team appointments made



## Appendix 9 – Timelines

### Joined-up Governance Timeline

Date	Item
Jan / Feb / March 2016	<p>Reviews of administrative regulations, schemes of delegation and other current governance arrangements undertaken for Shetland College Board and NAFC and main groupings identified;</p> <ul style="list-style-type: none"> <li>• Legislative and statutory obligations which can only be done by each board individually. (e.g. signing off final accounts)</li> <li>• Matters which either of the boards should be able to do but currently can't. (e.g. some further delegations of responsibility.)</li> <li>• Areas where the boards could work together but are either of very specialised interest or not critical. (e.g. specialist external links or day to day operational matters.)</li> <li>• The delegation arrangements to officers, which responsibilities and decision making powers are delegated to who.</li> <li>• The areas where working more closely together or modifying current practice could yield worthwhile improvements in performance through greater efficiency or better shared understanding. (e.g. shared strategy development and shared financial and performance management reporting).</li> <li>• Any other observations about what might help shared understanding and better co-operation. (e.g. co-opting chairs, vice chairs and other interested members between boards and holding some meetings of SCB and NAFC concurrently).</li> </ul>
Jan / Feb / March 2016	Develop an overview and schematic describing the main elements of current governance arrangements, i.e. what has to be done, who makes key decisions and how that all fits together etc. so that further developments can be mapped out and communicated.
Jan / Feb / March 2016	Identify areas where further collaboration agreements could be usefully considered to help clarity, efficiency and service delivery. Consideration will need to be given to cost and benefit and how these fit into current governance arrangements or need adaption.
Jan / Feb / March 2016	<p>Joint Principal job description drafted including how they would work with both boards, separately when required, but together as much as possible, to develop and benefit from joined-up governance arrangements.</p> <p>This will need to be accompanied by a guidance document for how the joint principal post fits with current and developing governance arrangements.</p>
March 2016	“Steering Group” (or similar) arrangements for supporting the process of developing better joined-up governance agreed. (Perhaps similar to the “strategy group” used earlier in this project but with a refreshed membership as necessary.)

## Appendix 9 – Timelines

March 2016	Joint Principal appointment panel structure and membership confirmed and job description and recruitment process agreed by the joint appointment panel.
March 2016	Management Team job descriptions drafted including how they would work with the Joint Principal and both boards, separately when required, but together as much as possible to develop and benefit from joined-up governance arrangements. This will include the update of the guidance for management interface with other layers of governance and how that is expected to develop.
April / May / June 2016	Generate an action list of practical steps for initial phase of “joining-up” governance arrangements better. From that, establish an action plan to take the most important items forward including the early implementation of straightforward measures (e.g. co-opting chairs, vice chairs and other interested members between boards.) Initiate work on any procedural or redrafting work required to adapt current constitutional documents and begin to develop guidance to explain and assist in a common understanding of any changes to current arrangements.
May 2016	Joint Principal interviews and appointment decision made by the joint appointment panel.
June / July / August 2016	Joint Principal helps confirm those job descriptions and the next group of actions for better joined-up governance, have those agreed by the boards and progress implementation where possible. (e.g. reporting of overall plans and progress across the whole sector by the Joint Principal to both boards in a common format, and at the same time.)
June / July / August 2016	The rest of the posts in the Integrated Management Team are recruited by the Joint Principal with support from the appointment panel.
September 2016 onwards	The new Integrated Management Team help to identify further items to better join-up governance, have those agreed through both boards and then begin to implement them on a structured basis. (e.g. the planning and delivery of key development projects (like an activity review or best practice quality assurance practices) or help in issue resolution (like how to progress and resolve property) to both boards in a common format, and at the same time.)
Ongoing	Reporting and discussion on better joined-up governance implementation progress, the effectiveness of actions, benefits being realised, costs incurred, issues which have come up and proposed next steps to both boards (together and in the same format).
Periodically	Reporting and discussion on better joined-up governance

## Appendix 9 – Timelines

	implementation progress, the effectiveness of actions, benefits being realised, costs incurred, issues which have come up and proposed next steps to key partners (in a common format).
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## Appendix 9 – Timelines

### Staff and Student Collaboration Timeline

Date	Item
Jan / Feb / March 2016	Capture of current activities that could contribute to staff and student collaboration.
March / April 2016	Generation of ideas from staff, students, management and governance which could be beneficial over next six months.
June/July/August 2016	Forward planning with new management team on further actions.

### Medium Term Funding Timeline

Date	Item
Jan 2016	Complete and agree the “Collaborative Agreement on FE Credits” between Shetland College and the NAFC.
10 <sup>th</sup> Feb 2016	Council sets its 2016/17 budget.
Jan / Feb / March 2016	Develop and refine estimated stabilisation / change / transitional funding requirements.
Feb / March 2016	Contact SFC / UHI and SDS to confirm medium term funding available from each body and the arrangements for accessing that funding.
March 2016	Complete Council “Change Fund” and/or “Spend to Save” applications for elements of stabilisation / change / transitional funding requirements.

## Appendix 10 - Estimated Costs and Savings

Item	Estimated Cost / Saving associated with integration	Estimated Cost / Saving if we don't take integration forward.
Additional external opinion on Integration Proposals Report and its recommendations	No additional external costs anticipated, SFC and UHI reviews are not expected to be charged for.	Costs cannot be identified at this time.
Support on production of Joint Principal & management team Job Descriptions and associated matters.	No additional external costs as main sources of advice should come from UHI and SFC.	No additional external costs as any review of current job descriptions should be possible in house.
Recruitment of Joint principal and management team	£5,000 for advertising + £5,000 for advice on matching etc., other support should come from UHI & SFC. If it is not possible to meet these costs within existing Directorate Development or SIC Corporate HR budgets then the change fund / spend to save application which will be made to support stabilisation and transitional funding will be amended as details are established.	Further recruitment may be required to secure fully staffed management complements for all institutions. Should be achievable within existing budgets.
Staff exit costs associated with restructuring	One off costs of this nature will only be identified once it becomes clear who will go and how they wish to go. The change fund / spend to save application which will be made to support stabilisation and transitional funding will be amended as details are established.	As long as there was no other "restructuring" then there would not be any ER/VR opportunities. However it may be inevitable that some downsizing across one or more of the three institutions becomes essential.
Direct Project Support Costs	Estimated at £80,000 for full year costs projections for Project Officer and Assistant. Support will be required through to September 2017. Those costs are included in Development Directorate budgets.	Decisions on how to take matters forward would be required including whether support for this area was needed any longer. The Project Officer and Assistant would be redirected to other Development Directorate priorities so the cost to the Council would remain.
New Management Team / Joint Governance Support Costs	£? – This will depend on what scale of support the new team feels they need. Curriculum review should be supported by the UHI/SFC. Increased internal support should reduce recharges. The change fund / spend to save application which will be made to support stabilisation and transitional funding will be amended as details are established.	Decisions on how to take matters forward would be required including whether any management and governance support would be needed.
Pensions issue further	Finance to advise on how far internal	Decisions would be required on

## Appendix 10 - Estimated Costs and Savings

investigation	resources can take us and what else might be required.	whether the Pensions issue needed to be investigated further.
Property issue further investigation	Capital Projects to advise on how far internal resources can take us and what else might be required.	Property issues would still have to be addressed, therefore it is anticipated costs would be the same.
Governance further investigation	Governance & Law to advise on how far internal resources can take us and what else might be required.	Decisions would be required on whether any governance issues needed to be investigated further.
Rebranding and enhanced marketing from September	Project estimate of £20,000 for 1 <sup>st</sup> year of enhanced marketing. The change fund / spend to save application which will be made to support stabilisation and transitional funding will be amended as details are established.	Marketing and Business development would remain a priority so it would be expected that additional resources would continue to be required.
New management structure employee costs.	Savings of c£200,000 per annum are estimated for the 5 member integrated management team compared to the costs of the 8 management staff currently in post or being recruited across the three institutions.	Increased costs would be expected due to the need to secure fully staffed management complements for all institutions. Change fund / Spend to save funding would not be able to meet these type of ongoing costs.
Any "Business Stabilisation" funding that might be needed to sustain one institution or another up to integration.	Director of Development to advise further on what level of funding is required to ensure "stabilisation". Council contribution to this funding would then be sought through a change fund / spend to save application. Other funders would also be approached (SFC/UHI/SDS) to discuss whether they could contribute.	The basic trading difficulties of the three institutions would remain. It would not be possible to access change fund / spend to save applications without a description of what was going to change or be saved. Therefore those issues would be expected to be addressed within existing resources.
Costs of staff and student collaboration.	Would depend on how much activity was undertaken but would be expected to be largely met within existing budgets.	These may be incurred at a similar level as building up staff and student relationships between separate institutions may still be prioritised.