



MINUTES

B - Public

Special Education and Families Committee
Council Chamber, Town Hall, Lerwick
Thursday 11 February 2016 at 11.00am

Present:

Councillors:

P Campbell	B Fox
A Manson	F Robertson
G Robinson	D Sandison
G Smith	M Stout
V Wishart	

Religious Representatives:

T Macintyre	R MacKay
M Tregonning	

Apologies:

G Cleaver

In Attendance:

H Budge, Director – Children's Services
N Grant, Director – Development Services
J Riise, Executive Manager – Governance and Law
J Smith, Executive Manager – Change Programme
B Kerr, Communications Officer
K Adam, Solicitor
T Coutts, Business Development and Training Manager
D Evans, Human Resources Adviser
I Peterson, Acting Principal – Shetland College
A Sutherland, Project Manager STERT
J Thomason, Management Accountant
L Geddes, Committee Officer

Also in attendance (Shetland College Board members):

S Collins	T Smith
A Wishart	

Chairperson

Ms Wishart, Chair of the Committee, presided.

Circular

The circular calling the meeting was held as read.

The Chair welcomed members of Shetland College Board who had been invited to participate in today's meeting.

Declarations of Interest

Mr Collins declared an interest as a Trustee of the Shetland Fisheries Training Centre Trust (SFTCT).

Mr Sandison declared an interest as a Trust of SFTCT. He advised that he intended to participate in the debate as an advocate should there be any questions raised in the papers. However he would not participate in any voting that may take place.

Ms Wishart moved that in order to avoid the disclosure of exempt information, the Committee resolve to exclude the public in terms of the relevant legislation during consideration of Appendices 2 and 5 the following item of business. However she advised that she intended to hold the item in public, and the meeting would only go into private should any discussion be required in relation to these two appendices.

Mr Robinson seconded.

03/16 Review of Tertiary Education in Shetland – Integration Proposals Report

The Committee considered a joint report by the Director of Development Services and the Executive Manager – Change Programme (DV-11-16-F) which presented the Integration Proposals Report and its appendices, providing information about the options for further integration and recommendations on the next steps towards an integrated governance and delivery model.

The Director of Development Services summarised the main terms of the report, advising that a briefing note had been issued following the meeting of the Partnership Board on Friday which outlined a number of concerns that had been raised.

He went on to speak about the financial and legal due diligence processes which had raised several issues, the most significant of these relating to pensions. The transfer of staff from one organisation to another would require a bond of between £7.4million and £12.4million, and there was also an issue regarding the ongoing contributions rate. This would be unaffordable for any organisation outwith the Council. There were a number of developments ongoing at a national level but, at this moment, these issues would preclude a fully integrated model.

The organisations involved had done a lot of work to reduce their costs, with the contribution from the Council to the three organisations being reduced from £3.1million in 2012/13, to £2.2million in the current year. However this also had to be set against a background of a reduction in income to the organisations. It was expected that there would be expenditure of £2.5 million for the current year which would result in a shortfall.

In his view, it was not an option for the three organisations to remain as they were. He was of the view that a move towards integration would result in better services being delivered more effectively, and that a number of the significant concerns that had been raised were resolvable. The work carried out recently resulting in the formation of the Integrated Joint Board relating to health and social care was an example of how changes such as these, involving different organisations, could be managed.

There were four steps recommended for the next stage, and he felt that there were significant benefits to integration. The engagement of learners and of industry could be carried out in a more co-ordinated and focused way, as there was a need

to pick up more business and to engage more closely with schools regarding careers and learning opportunities. Whilst there were currently high levels of student attainment and satisfaction, HMIE had indicated that the current arrangements risked jeopardising this position in future. There was a need for support teams for students and staff, and for a clear 'Shetland voice'. Integration would also mean a better use of resources. For example, the current estate costs were in the region of £1.4million per annum, and it would be difficult for even an integrated organisation to justify this level of cost. So it would be important for an integrated organisation to form a collective view of its estate requirements, and this could be done once a joint learning and research curriculum had been agreed.

He concluded by outlining the timescales for implementation, should the proposals be agreed, and said that the two key tasks would be to deal with the governance and the management arrangements. The timescales were demanding, but it was hoped to recruit a joint principal by May 2016, and the management team by August 2016.

The Director of Development Services, the Executive Manager – Change Programme, the Executive Manager – Governance and Law and the Business Development and Training Manager then responded to questions, and the Committee noted the following:

- There was a need to agree a clear policy regarding the appointment of the joint Principal and the management team. The Council had clear policies in place, but these would also need to be acceptable to the SFTCT. It should be possible to appoint within the timescales referred to in the report, but there were a number of things to be sorted out first. It was likely to be an internal process, but there may be a need for external recruitment. It was felt that it would be better if the Joint Principal post was a permanent rather than an interim post, as this would give more certainty to the organisations.
- The first issue that would require to be looked at would be joining up the governance of the organisations, and this would be the first step in the decision-making process.
- In order that changes could proceed in a controlled and resourced manner, applications would be made to the Change Fund, Spend to Save fund, or to external sources such as the Scottish Funding Council (SFC). The projected costs were outlined in Appendix 10 of the report, and the SFC had made a contribution in the region of £60,000 so far. Having a managed revenue budget would be extremely important in moving forward, but any funding above that would have to be project funding.
- The SFC was the main funder of the FE/HE sector, but there were other sources of income available for research funding and Skills Development Scotland also provided some funding. The Council's funding arrangement was based on products, services and outcomes, and there was a need to provide some clarity around this in future.
- It was important to keep dialogue going with staff in order to help alleviate uncertainties during the change process. The Partnership Board had been particularly useful so far, as it involved management and staff from both organisations.

- It was important that both sides were represented properly and equally through the joint arrangements. The SFCTC already had clear governance arrangement, but the College Board was part of the Council's structure, so an early piece of work would be to achieve a clear governance arrangement for the Council side. The Council's arrangements for an Integration Joint Board (IJB) had started from a similar premise and during the period when the IJB was being formed, the Council had established shadow arrangements whereby both bodies – one with delegated powers and the other with very few delegated powers – had sat alongside each other under single chairmanship until the IJB had been established. A significant amount of business had been conducted over that time, and it had worked well as there was a desire to make it do so. However, to some extent, the lack of delegated authority on one side had proven to be a barrier to effectiveness, and it would have worked better if there had been parity between the two initially.
- The current arrangements for the delivery of tertiary education were expensive. There was a need to look at delivering services more effectively, at the business received, and the services that were provided. There would be cost benefits in having a joint management team and support arrangements. The development of a single curriculum would be very important, and there was a need to focus on what was currently being delivered, where the opportunities were, and also what should no longer be delivered. The estate costs would also have to be looked at, as the costs in leasing and maintaining three buildings were substantial. A single governance or shadow board arrangement would require to focus on these issues. A £2.5 million budget was not sustainable for moving forward, and the Council could not spend 2.5% of its total budget in these areas without being convinced that there were maximum benefits.
- The previous arrangements to have a joint principal for both organisations had been unsuccessful as there had not been enough support from both organisations. However things had moved on, and both organisations were supportive of the need for a properly joined up management and governance team, although there were still a lot of questions that both sides would like answered.
- It would be a job for the joint governance and management teams to look at the property and estates leases and costs. This could only properly be done when a decision had been made regarding a joint curriculum, and this would put the organisation in a better bargaining position as current efforts to reduce the lease costs had been unsuccessful.
- The management structure in the report was based on a comparison with other organisations of a similar nature and size. There was currently not enough information available to compile job profiles, and this work would have to happen soon. There would be some opportunity following the appointment of a joint principal for him/her to consider the management structure that would be required, but it was important that the process should take place within the timescales described.
- There was no firm commitment from the SFC to cover redundancy or other costs, but there was an indication that they would consider this and they had picked up the costs relating to regionalisation across the rest of the country. If the SFC did

not meet this, the cost would fall on the Council, particularly in relation to redundancy and early retirements. However approaches would be made to the SFC to meet some of the costs involved, and they had already asked for detailed information to be supplied to them regarding the costs incurred. It was expected that they would assist in ensuring that there was a smooth transition.

- A definitive figure was not available regarding the total sum businesses spent on training in Shetland, but recent surveys indicated that 44% of employers locally had undertaken on the job training in Shetland over the last year, and about half of this was in order to meet statutory requirements. With regard to whether their training needs were being met in Shetland, about 20% of those surveyed had indicated that their training needs were not being met in Shetland, and these tended to be in the manufacturing and construction fields. So this was an area that could be looked at, although there were some issues regarding getting enough numbers to make the training viable and accredited. Train Shetland's objectives would remain the same regardless of whether or not there was a merger, but the issue of financial stability would require to be resolved. There was a need to work together in order to achieve the best returns for Shetland and increase activity and income.

(Representatives of the media then left the meeting in order that a question relating to the exempt appendices could be considered and responded to by the Director of Development Services. Representatives of the media then returned to the meeting)

During the discussion that followed, it was commented that consideration could be given to making the Joint Principal post an interim one, and it was suggested that it may be more appropriate to appoint someone with change management experience to the post rather than an academic.

However other members felt that it was important for the sake of stability and continuity that the appointment was a permanent position, and that an academic was appointed as they would play a vital role in the development of a joint curriculum.

It was commented that there was a need for the Council to emphasise its commitment to tertiary education and to focus on the value of what was being achieved rather than the cost. The development and successes of the organisations involved was highlighted, and it was commented that it was vital that the quality of education delivered was maintained and developed.

The benefits of integration were highlighted, and it was suggested that the proposals would provide a fantastic opportunity for Shetland to move forward.

On the motion of Mr Robertson, seconded by Mr Robinson, the Committee approved the recommendation in the report.

With the consent of his seconder, Mr Robertson agreed that the following comments should also go forward to the Policy and Resources Committee for consideration:

- There was a need to focus very clearly on the governance arrangements and a need to ensure that any arrangements implemented – such as a model similar to the Integration Joint Board Shadow Board arrangements – sought parity in delegated powers between the Council and the SFTCT.

- There was also a need to move quickly regarding the appointment of a joint principal, and to ensure s/he was given the opportunity to consider the best way of finalising the new management structure, taking into account the views of staff.
- The certainty of medium-term transitional funding was vital, and there was a need to ensure that this was in place.
- There was a need to ensure that these areas were seen as a priority for the immediate future and carried out as a matter of urgency within the timescales indicated in the report.

Decision:

The Education and Families Committee noted the information in the report, concerning the proposed next steps towards an integrated governance and delivery model, as set out in Section 3.4 of the report, commenting on those areas within their remit, and informed Council of their views.

The meeting concluded at 11.45am.

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Chair