

Shetland College Board  
Council Chamber, Town Hall, Lerwick  
Thursday 8 March 2018 at 10.00am

**Present:**

P Campbell            A Priest  
G Smith                T Smith  
B Wishart

**Apologies:**

E Macdonald

**In attendance (Officers):**

N Grant, Director – Development Services  
W Shannon, Interim Joint Principal  
R Gillies, Joint Operations Manager  
A Tait, Solicitor  
J Thomason, Management Accountant  
L Geddes, Committee Officer

**Chair**

Mr Campbell, Chair of the Board, presided.

**Circular**

The circular calling the meeting was held as read.

**Declarations of Interest**

None

**Minutes**

The Board approved the minutes of the meeting held on 8 February 2018 on the motion of Ms Wishart, seconded by Mr G Smith.

04/18 **Development Services Directorate Performance Report – 9 Month/3<sup>rd</sup> Quarter 2017/18**

The Board considered a report by the Director of Development Services (DV-02-18-F) outlining the progress against priorities set out in the Council's Corporate Plan.

The Director of Development summarised the main terms of the report, highlighting in particular that work was progressing on the "10 Year Plan to Attract People to Live, Study, Work and Invest in Shetland", and that further information could be presented on this in the next quarter. The skills survey being carried out was nearly complete, and work was continuing on the skills investment plan and on developing the young workforce plan. The contract total for Modern Apprentices had been increased to 65, and it should be possible to achieve this. Achievement rates were exceptionally good, and Shetland was outperforming the other island areas by a considerable margin.

The College was also on course to achieve and possibly exceed its credit target, but not to the extent it had last year.

He went on to speak about the project evaluating the merger of local tertiary education and research organisations which was being led by UHI. An early stage draft business case had been received, but it had been disappointing. However he felt that UHI and the Scottish Funding Council (SFC) had listened to the concerns that had been expressed, and they were hoping to hold a meeting the following week with the Liaison Group.

The Interim Joint Principal added that the merger project had been a difficult process. A meeting had been held the previous week with the Liaison Group, Council senior officials, SFC and UHI to discuss the outline business case. The UHI and SFC had listened to the concerns expressed, and would be coming back with an amended report to ensure that there was a clear outline case for a pre-merger proposal. The financial assumptions would be modified, and the timeline would be further developed to include key meeting dates. This work would be finalised by the end of the week, and sent on to himself and the Director of Development Services so that the Liaison Group could discuss it further when it met.

During the discussion that followed, the Board expressed concern regarding the outline business case that had been developed. It was also questioned whether the concerns expressed earlier had actually been taken on board by the UHI and SFC, as an email from the Vice Principal (Further Education) UHI appeared to be dismissive of some of these. It was pointed out that there was particular concern regarding perceptions in the business case around the governance and the integrity of the Board, and statements that had been made regarding how the Council conducted its business and relating to the transparency of finances. It was felt that there were a number of unsubstantiated statements that required to be withdrawn from the business case unless evidence could be provided to back them up, and that the business case should not be circulated further than the Liaison Group and the Board until it was modified.

The Director of Development Services advised that a detailed set of notes outlining issues with the business case had been provided following the Liaison Group meeting, so it would be disappointing if these points had not been taken on board by the SFC and UHI.

The Board requested that the concerns expressed today regarding the draft business case be fed back to the SFC and UHI.

Some discussion took place regarding the likely outturn position in relation to credits and on the need to convince the SFC that there was ability for growth so that additional credits could be secured. The College was overtrading and in a good position to provide evidence to argue for additional credits.

The Interim Joint Principal said that it was important that the College had been able to demonstrate that it could exceed its target as for a number of years, it had been short. There had been no clawback of funding at that time but since regionalisation, funding had to be returned if targets were not met. This year it appeared that there were very few partners who would meet their targets, although the position could change. But it was important that the College did not rely on others not meeting their targets on a year by year basis. This year it was expected that the College would again be overtrading, but not to the same extent as the year before. The College would have to

be more prudent and probably adjust its target, as it had the highest overtrading figures in Scotland.

**Decision:**

The Board discussed the contents of the report as appropriate to their remit, and made relevant comments on progress against priorities to inform further activity within the remainder of this year, and the planning process for next and future years.

05/18 **Development Services Directorate Plan 2018-2021**

The Board considered a report by the Director of Development Services (DV-04-18-F) which presented the Development Services Directorate Plan for 2018-21.

The Director of Development Services summarised the main terms of the report, highlighting in particular that the main focus for the directorate was to develop Shetland's skilled workforce. Working with the UHI and SFC to deliver a sustainable model for the delivery of tertiary education in Shetland which would be more effective in providing the skilled workforce requirements of the local economy was the highest priority. The situation regarding the provision of student and key worker accommodation had not progressed and, at the moment, the project was not funded. There had been some discussion about the potential for using buildings at the Knab site, but there was a need to do more work in terms of getting the UHI to develop and fund this. The MSP was in discussions with UHI to highlight the need to move on with the provision of accommodation as without accommodation, it would be difficult to retain the number of students locally.

It was noted that the issue of student accommodation had been raised at a public meeting held recently to discuss the masterplan for the Knab site, and there had been drawings showing a possible layout of student accommodation at the Janet Courtney Hostel. There had been no dissent at this meeting from the public to this suggestion. However the issue of funding was one that would require to be resolved, and it was questioned how this would be done. It was likely to take a significant amount of time to get funding in place and as the site could not remain dormant for a long period of time, there may be pressure to use the site for projects for which short term funding could be secured.

The Chair advised that he was encouraged that drawings were being developed for the Knab site which promoted the idea of student accommodation. If this was approved as part of the masterplan, and the tertiary sector was in a position to acquire premises, it may be possible to seek funding from the SFC and UHI to move this project forward.

The Director of Development Services advised that it was intended to come back with a draft masterplan for the Knab site which would have a timeframe regarding when things could be delivered, recognising that there were some parts of the site that would be populated before others. The masterplan would be going out for public consultation, and would come back to the Council for approval. It should become planning policy by August.

He also advised that he would follow up with the Director of Children's Services the point raised at an earlier meeting regarding potential implications of school age trainees and apprentices sharing accommodation at the Anderson High School Halls with school pupils. It was suggested that the Council would need to take care to ensure that this was seen only as a potential temporary solution in case it ended up

becoming permanent, and affected plans to provide student accommodation at the Knab site.

It was noted that the public meeting had also raised the possibility of developing the College's hospitality offerings at the Knab site, and it was suggested that a report should be presented to the Board in future to consider possible options for hospitality developments there. Some of the ideas mooted had been quite ambitious, but would offer opportunities for income generation, so the Board should consider if they could be developed.

It was suggested that the College should consider offering STEM courses as, with the exception of the NAFC, this was something that was not offered locally but was one of the aims of the Directorate Plan.

**Decision:**

The Shetland College Board reviewed, commented on, and endorsed the contents of the Directorate Plan, recognising that the Director of Development Services will make any adjustments required to ensure that it is fully aligned to the Council's Corporate Plan.

06/18 **Management Accounts for Shetland College Board: 2017/18 Projected Outturn at Quarter 3**

The Board considered a report by the Executive Manager – Finance (F-19-F) enabling the Board to monitor the financial performance of services within its remit.

The Management Accountant summarised the main terms of the report, advising that the report also contained information regarding the review of the Canteen Income Generating Unit which had recently been carried out at the request of the Board. The projected revenue outturn position for the College Board was a shortfall of £86,000, and the variances were outlined in Appendix 1 of the report. The information relating to the Canteen was contained in Appendix 2 of the report. Historically the Canteen did not achieve breakeven, with an average deficit of £8,000 per annum. Staff had worked closely with the Joint Operations Manager during the review, and had prepared an action plan for the way forward. Canteen staff had also requested that a chip and pin handset be supplied, and this request had been forwarded to the Revenues Service who were conducting a review of these devices across the Council. It had been essential to carry out the review as although the service was not about delivering a profit, it was important to get the best outcome for the money that was being invested.

It was commented that the situation with the Canteen provided a good illustration of the situation faced in trying to move forward with a sustainable merged organisation. There was a need for the College to provide this vital service to students because of its location, but the fixed costs involved and the prices that could be charged all mitigated against being able to make a surplus. This could be translated wider to all College activities, and epitomised the difficulties of creating an income when the fixed costs involved were high.

**Decision:**

The Shetland College Board reviewed the Management Accounts showing the projected outturn position at Quarter 3, and noted the information presented regarding the review of the Canteen Income Generating Unit.

07/18 **Review of Textile Facilitation Unit and Charging Proposal**

The Board considered a report by the Executive Manager – Finance (F-31-F) providing information on the financial performance of the Textile Facilitation Unit (TFU), as requested by the Board at its meeting on 5 December 2017.

The Management Accountant summarised the main terms of the report, advising that charging for the TFU services had not be included in the budget report approved by the Council due to the review that had been taking place. Staff had been involved in reviewing the time, effort and materials involved in each type of service, and this had informed the proposed new charges. The review had sought to identify the costs within the service that related to supporting students and the costs of overheads. The remaining costs were then expected to be covered by services provided to businesses, and this left a shortfall of £8,000. Business had been affected in previous years due to machinery breakdown and staff vacancies, so it had been difficult when looking back to come up with a typical year. However staff were confident that all the businesses that could be using the facilities were using them, and that they would continue to be busy.

**Decision:**

The Shetland College Board noted the review of the Textile Facilitation Unit at Shetland College, and confirmed the proposed charges as adopted by the Council.

The meeting concluded at 10.55am.

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Chair