

Shetland College Board**Council Chamber, Town Hall, Lerwick****Wednesday 23 May 2018 at 10.00am****Present:**

P Campbell	E Macdonald
A Priest	G Smith
T Smith	B Wishart

Apologies:

None

In attendance (Officers):

N Grant, Director – Development Services
J Belford, Executive Manager - Finance
W Shannon, Interim Joint Principal
K Briggs, Joint Manager – Train Shetland (Vocational)
J Clark, Joint Operations Manager
T Coutts, Project Manager
A Pottinger, Manager – Train Shetland (Short Courses)
J Thomason, Management Accountant
P Wishart, Solicitor
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 March 2018 on the motion of Ms Wishart, seconded by Mr Priest.

08/18 Development Directorate Performance Report - 2017/18

The Board considered a report by the Director of Development Services (DV-17-18-F) outlining the progress against priorities set out in the Council's Corporate Plan.

The Director of Development Services summarised the main terms of the report, highlighting the achievements of the Directorate over the period 2017-18. He advised that the Shetland Partnership Plan was developing well, and was in the process of getting agreement from all partners. Consultation on the Knab site masterplan was ongoing, and one of the options being considered was the use of the Janet Courtney

Hostel building as student and worker accommodation. The MSP had had a meeting a few weeks ago with the UHI Court Chairman, and had requested that UHI re-engage with the Council regarding this. A meeting would be taking place in June, when UHI would be visiting. The business case relating to a merger of the tertiary sector would be considered later in the meeting, but it was now in a better place with the main funding stakeholders. The biggest risk would now be getting the people required from the three organisations to work on the Full Business Case alongside their day jobs.

Responding to questions, he said that it was important to get together a case illustrating why there was a need for student accommodation locally prior to the visit from UHI.

The Interim Joint Principal added that across the UHI network, the take-up of accommodation had not been as anticipated. UHI had focused on new builds across its network, but it was hoped that refurbishment could be considered locally, and it was anticipated that around 80 beds would be required. He advised that there would be a planned closure of Port Arthur House, and students there would require to move out at summer.

It was pointed out that the provision of student/worker accommodation featured in all the drawings for the Knab site, and that it was a positive move that the preparation of the Full Business Case for the merger would be done locally. However it would be vital to ensure that the resources were available to carry out the work required within the timeline.

The Director of Development Services advised that an officer group would be meeting following the Council meeting today to look at the Project Initiation Document and to get into a position of bidding for the project resources from the Scottish Funding Council (SFC). The bid would be circulated to the College Integration Liaison Group before it was sent.

It was commented that staff had a lot of experience and knowledge that they could contribute, and it was important to consider this when looking at the resources required.

The Director of Development Services advised that some of the project team would be required to work exclusively on the project, but others would contribute to particular areas. The issue of back cover would have to be taken into consideration, and the structure of the project board would be very important.

Decision:

The Shetland College 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.

09/18 **Management Accounts for Shetland College Board: 2017/18 - Draft Outturn**

The Board considered a report by the Executive Manager - Finance (F-37-18-F) which enabled the Shetland College Board to note the financial performance of services within its remit for the 2017/18 financial year.

The Executive Manager – Finance summarised the main terms of the report, advising that the total contribution required from the Council to meet the deficit was £942,000

and that this included a figure of £205,000 which was the remaining deficit after the Council's budgeted contribution had been deducted. The challenge for the future would be how to move the tertiary sector in a sustainable position moving forward.

It was commented that £541,000 of the costs attributed to the College were property costs, and this may reduce as things progressed. It would be useful to have an understanding of the level of funding that would be required to break even if nothing was to change. It would also be useful to have more understanding about the levels of activity of Train Shetland that reflected the deficit of £144,000, and what required to change there.

The Executive Manager – Finance advised that the position would be fully examined in the Full Business Case, which would take account of any in-year anomalies that had arisen that might distort the financial position, areas where more commercialisation could take place, and individual income-generating courses.

Decision:

The Shetland College Board NOTED the Management Accounts showing the draft outturn position for 2017/18.

10/18 **Shetland College Principal's Update**

The Board considered a report by the Interim Joint Principal (SCB-140-F) which provided an update on a range of issues of interest and importance to Shetland College and the tertiary sector in Shetland.

The Interim Joint Principal summarised the main terms of the report, advising that it was a positive report and, for the third year, the College was meeting its credits target. This would be used as an argument for attracting additional funding and while the College would be exceeding its target, it would not be to the same extent as it had been the year before. At the last meeting he had commented that UHI partners were struggling to meet their targets, but this was now not the case and it was unlikely that the UHI regional 'pot' would have much to spare. It was worthy of note that Train Shetland had over 100 new Modern Apprentices split between Train Shetland and the NAFC, when the total figure for the UHI region was 300.

He went on to highlight that a Shetland College student, John Knox, had recently achieved first place in the 35th Annual Scottish Association of Timber Trade Teachers Carpentry and Joinery Inter-College completion, which had been held in Shetland. The event brought together the best students from across the country, and the award was a reflection of the quality that was apparent locally. He paid tribute to the staff involved for the level of teaching and support.

The Board extended their congratulations to Mr Knox and the staff involved.

The Joint Manager – Train Shetland (Vocational) advised that the bid to Skills Development Scotland for 84 places for the new contract year had now been improved, and this was an increase of 20 places. The majority of these places were in the care sector and the extra places would place some demands on the service. The number of applications for these places now exceeded 100. There had been considerable and positive joint working that had taken place with the Council's Workforce Development team and Community Health and Social Care. Train Shetland now also had a full staffing complement, following the recruitment of an administrative assistant and vocational training co-ordinator.

In response to questions, he advised that in the past around 50% of apprentices were required to attend college as part of their apprenticeships. However because of the volume of care places, this number had increased. There were still a number of courses where students were required to attend colleges on the mainland, but hairdressing was now going to be delivered locally. Further information would be supplied to the Board regarding the number of construction-related apprentices that required to travel to the mainland as part of their training. There were a number of areas that were always over-subscribed, such as engineering, which was always one of the most popular areas.

It was suggested that it should be considered if it would be viable to look at delivering everything locally when considering how best to move forward, as this would cut down on costs. It may also increase demand in other areas, as having to train on the mainland may act as a disincentive in some cases.

The Joint Operations Manager advised that there was a key piece of work ongoing in relation to meeting industry needs, which was looking at developing the young workforce. A new member of staff would be driving this and linking it to the tertiary sector. There would be opportunities for looking at the curriculum as part of the case for the business merger process to establish ways of meeting the needs of industry locally. Developing the young workforce would be a component of that. Work was taking place to look at costs of further education, and this would be considered as part of the curriculum work stream when looking at the merger.

The Interim Joint Principal added that it was important to consider investment in STEM subjects so that the facilities could be in place for courses that were currently over-subscribed. It was not possible to accommodate all engineering students locally, and this meant that a number of young people were disappointed when applying for something in their first year.

It was commented that the Scottish Government Education and Skills Committee were visiting Shetland in June to discuss developing the young workforce. The Developing Young Workforce board would have an important role to play in getting the work streams and co-ordination in place. It was a complex picture, with a number of providers and employers involved, and it all needed to come together if the aspirations of the 10-Year Plan were to be met.

The Joint Operations Manager advised that developing the young workforce was an important factor in the overall programme of improving engagement with stakeholders and industry.

The Manager – Train Shetland (Short Courses) then provided an update on activity, highlighting that 605 delegates had attended 64 short courses between February and April, and that the Spring series of Business Gateway courses had gone very well. In response to questions, she advised that the Management Masterclass suite of courses had been particularly successful. The digital business suite of courses was not as popular, although numbers were slightly up. There were a number of new developments with CPC training, and she envisaged that there would be more business in future.

It was questioned if the Council's new i-learning platform would have an impact on Train Shetland, and she advised that there had not been a large impact to date. There were some courses with practical elements in them that would not be affected,

but it was likely that there would be an impact in future if more things were offered online.

The Joint Operations Manager added that two competitors had been identified when the Marketing Plan had been presented to the Board in February. One of these was the Council's Workforce Development section, and the other was the Council's Adult Learning Service. Work had already started to look at business development and how training could be delivered in the tertiary sector. Online delivery was a key element of this, as was access and inclusion, so there would be an examination of how to use technology to deliver training in future. This would be particularly useful for businesses which found it difficult to release their staff to attend courses.

It was commented that the formation of a new organisation outwith the Council meant that the Council would become an external customer, and that the organisation would be in competition with the Council's own internal i-learning platform that was being developed.

Decision:

The Shetland College Board NOTED the content of the report, the current position in relation to FE and HE enrolments for academic session 2017/18, and the activity levels in Train Shetland for both Vocational Training and Short Courses.

11/08 **Effective and Sustainable Tertiary Education, Research and Training Project - Strategic Outline Case**

The Committee considered a report by the Director of Development Services (DV-21-18-F) presenting the Strategic Outline Case (SOC) regarding the future operating and governance options for Shetland tertiary education, research and training, which had identified a merger of these services in Shetland as the preferred way forward.

The Director of Development Services summarised the main terms of the report, advising that a merger of tertiary education in Shetland was something that had been considered for a number of years. A number of stakeholders had been involved in agreeing a way forward, and staff from the three organisations had been involved in preparing the SOC and would be heavily involved in preparation of the business case. The Scottish Funding Council and UHI were supportive of funding the project to prepare the full business case. The purpose of the report today was to provide an update on progress and seek agreement to take forward the merger option for full business case analysis. Within the merger options there were two sub-options – one was to create a new entity, and the other was to use the existing SFTCT body as a host and move all assets into that model. Delegated authority was sought for the actions required and for engaging the resources required to get to a full business case. Delegated authority was also sought to extend the existing interim management arrangements in order to allow this work to take place. The Chief Executive had made it clear that this work would be a priority for the Council over the next few months. The delivery of tertiary education, research and training, was vital for the community moving forward in future, and the potential gains from a merger were significant.

The Project Officer then outlined the options that had been considered in response to the business needs and project scope identified within the SOC. He outlined the long list of nine options that had been considered against the critical success factors (CSF) and explained that prior to scoring these against the CSFs, a brief scoping exercise had been carried out against each option. Following this exercise, Options 3-6 had all demonstrated a potential or direct fit with the CSFs and remained in the process for

scoring. Options 7-9 were considered to be unable to achieve some or all of the CSFs, and had been discounted at this stage. Options 1 and 2 were unable to show a fit with the criteria, but as they were important comparators for the remainder of the Business Case process, they would remain in the process for scoring against the CSF. A series of criteria had been developed by the project team, which scored options based on the potential ability of each to deliver against the CSFs. Following this process, two options from the shortlist had shown that they would be able to achieve the CSFs – ‘Host’ NAFC and New College – and these were the two options that were recommended to be developed further in the full business case.

The Management Accountant added that financial sustainability was one of the key factors that had been included in the CSFs. The Council had worked closely with the NAFC to pin down the costs for each of the options.

The Chair thanked those involved in producing the report, and advised that a lot more work and resources would be required should a decision be made to move to a full business case. It had taken a number of years to get to this position. The College Integration Liaison Group, along with the MSP, had highlighted the importance of local knowledge and understanding, and had been successful in arguing for the need to retain control of the project locally. The SFC had accepted this position and had indicated that a bid for funding for the project to move to a full business case would be looked upon favourably. The Chief Executive had indicated that the work required would be a priority for the Council over the next few months, and he was grateful for this commitment. Approval of the recommendations in the report would give the Council the opportunity to place tertiary education in Shetland in a position where it could fully serve the Shetland community and meet the challenges which lay ahead, and he urged the Board to support the recommendations.

In response to a question regarding whether the student experience would be impacted by the work required in preparing the full business case, the Interim Joint Principal said that this would be a challenge for staff to carry out the day-to-day operations while being involved in a major exercise such as this. It would be important to minimise the impact on students, and the offer of resources to assist was therefore both welcomed and required.

Some discussion took place regarding the recommended two options which were based on the predication that there would be no subsidy from the Council. It was pointed out that the process had initially started a number of years ago when the Council had been looking at where efficiencies could be made. However the position had changed, and the motivation was now how the tertiary sector could continue to contribute to the economic and social growth of Shetland. There were a number of financial assumptions that would require to be tested, and these would have to be measured against whether the new organisation could deliver added value and whether growth ambitions were deliverable. It would be a challenge for a new entity to move out of a situation where it was funded by the Council to cover the deficit, and this would have to be addressed in the full business case. However it would be difficult to envisage a situation where the Council would not be spending some money on tertiary education.

The Director of Development Services said that the importance of the tertiary sector was recognised by the Council and he was of the view that the Council would continue to invest in the sector as it was contributing to the local economy. However this was different from a situation of core funding, and there was a move to get core funding to the same position as it was in other parts of the country.

The Project Manager highlighted the opportunities for business development, advising that the employment survey had highlighted that 27% of employers got their training delivered in Shetland. There would be opportunities to increase this, and it was important to promote services and develop business.

The Board agreed that the recommendations in the report should be approved.

Decision:

The Shetland College Board RECOMMENDS that the Council RESOLVES to:

- APPROVE merger of tertiary education, research and training services as the preferred way forward as identified in the Strategic Outline Case (SOC) for the Effective and Sustainable Tertiary Education, Research and Training in Shetland Project (hereafter referred to as 'the Project'), attached as Appendix 1
- NOTE: that the preferred way forward contains two options; namely Option 5 ('Host' NAFC) and Option 6 (New College)
- DELEGATE authority to the Chief Executive (or her nominee) to take any action and decisions required to develop the Full Business Case for the preferred option, which will be reported to Committees, Board and Council for a decision in October 2018
- DELEGATE authority to the Chief Executive (or her nominee) to procure and engage any specialist legal or other services required to develop and finalise the Full Business Case
- AGREE that the delegation of authority granted to the Shetland College Board on 29 June 2016 [Min. Ref. SIC 53/16] to support potential further stages of the Project remains in place until September 2019
- DELEGATE authority to the Director of Development (or his nominee), in consultation with the Chair of Shetland Fisheries Training Centre Trust (SFTCT), to extend the Interim and Joint management arrangements up to the end of the 2018/19 academic term (July 2019)

The meeting concluded at 11.35am.

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Chair