

**Special Shetland College Board****Main Hall, Town Hall, Lerwick****Monday 25 February 2019 at 4.00pm****Present:**

P Campbell                      E Macdonald  
A Priest                          G Smith  
T Smith

**Apologies:**

B Wishart

**In attendance (Officers):**

C Ferguson, Director – Corporate Services  
N Grant, Director – Development Services  
J Manson, Executive Manager – Finance  
C Anderson, Senior Communications Officer  
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

**02/19      2019/20 Budget and Charging Proposals – Shetland College Board**

The Board considered a report by the Executive Manager - Finance (F-010-F) presenting the controllable budget proposals and the total cost position for the services within the Boards remit.

The Executive Manager - Finance summarised the main terms of the report, advising that the budget had been developed along the same principles as other Council budgets. It took account of national arrangements relating to pay awards for teaching staff which should be offset by funding from the Scottish Funding Council (SFC), and also recommended increasing charges by an average of 2.8% in line with inflation, where charges were set locally. The budget did look different to last year's as a result of the decision to merge the tertiary sector locally, and the agreement reached that the SFC would fund the deficit next year. Therefore the budget looked like it was showing a surplus, though the income and contributions it was expected to receive would be sufficient to balance its budget.

The Director of Development Services went on to speak about the workstreams currently ongoing in relation to the merger of tertiary education locally. The NAFC Marine Centre had made it clear that they would only engage when a project manager was in place, and it was looking likely that someone would be appointed to this role soon. The Shadow Board would be recruited shortly to oversee the project. He commented on the SFC's commitment to deficit fund the project and said it was important for the Council to emphasise this, as the SFC and UHI were now speaking about putting things into a funding bid. In the meantime, the NAFC Marine Centre was asking about stability and core funding and it was important that both organisations got together over the coming weeks, as the project was very much being led by the Council at the moment.

The Chair thanked all those involved in the preparation of the budget.

It was questioned why some charges had actually been reduced and the Management Accountant explained that sometimes the way in which courses were delivered changed, or the charge was decreased in response to competition. It was also the case that some course costs were set nationally.

Some discussion took place regarding the need to secure funding from the SFC and the UHI, and the possible implications if this funding was not received. This was a particular concern in relation to deficit funding, and it was also noted that the NAFC Marine Centre was continuing to look for stability funding.

The Director of Development Services advised that the funding bid at the moment focused on the resources required for the project, and there was a need to work out the cash model for the new entity.

The Management Accountant added that there were a number of technicalities about what could and could not be claimed for in the Phase 2 funding bid. Work was required jointly to pin down a lot of the costs, and it was important that the Council was not seen to be leading on this.

The Chair advised that there would be a joint meeting between the College and the NAFC Marine Centre the following week, so there might be a clearer picture following that meeting. He was aware that the NAFC Marine Centre did not have a team to undertake the work relating to the merger, and he hoped that there was some means of the SFC supporting them to carry out this work.

In response to a question, the Director of Development Services advised that the Council provided funding to the NAFC Marine Centre through grants, FE credits and provision for property costs, but that stability funding would be required to make up the gap. The NAFC Marine Centre had sought assurance from the SFC and UHI a year ago that its cash position would be protected through the merger process. Despite agreeing that it would be covered, the SFC were currently speaking about how this could be done, so it was an ongoing issue.

The Management Accountant added that the Development Director's budget did include the SLAP cost for the Port Arthur building, and this cost had been left in until that issue had been resolved. It was not expected that the SFC would fund this cost.

The Director of Development Services confirmed that the SFC had made a commitment to fund the core costs relating to the merger, and he was confident this

would be case once the process had been worked through. There was a risk but it was a controlled risk.

Concern was expressed that the SFC was starting to question picking up the deficit at this early stage, and at the implications for the whole model if one of the partners did not keep their side of the bargain.

The Management Accountant advised that the final business case was based on when vesting would take place, and there was an assumption that the status quo would be funded until vesting.

It was noted that the business case model for the new entity assumed that the income generation units would be contributing to income. It was questioned if the charges now proposed were sufficient to generate income, as there were concerns that they had not been in the past.

The Management Accountant advised that some detailed work had taken place regarding Textile Facilitation Unit (TFU) charges following last year's budget setting exercise and, as a result, some changes had been made to the charging policy. It had been the case that operational issues affecting the TFU had meant that orders could not be delivered, but it was now in a better position and was generating more income.

Some discussion took place in relation to Project Search, and it was noted that there were some differences in opinion relating to the expectations of the provision of the service and the costs in doing so.

The Director of Development Services confirmed that the College had been contracted to provide some support for Project Search, and he was involved in these discussions.

On the motion of Mr Campbell, seconded by Mr T Smith, the Board approved the recommendations in the report.

**Decision:**

The Shetland College Board:

- RECOMMENDED to Policy and Resources Committee and Council, that they approve the budget proposals for 2019/20 included in this report and set out in detail in the Budget Activity Summary (Appendix 2) and Schedule of Charges (Appendix 3), to be included in the overall SIC Budget Book
- NOTED that these budgets are subject to review as required by the implementation of the Effective and Sustainable Tertiary Education, Research and Training in Shetland Project

The meeting concluded at 4.30pm.

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Chair

