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Date: 17 May 2018

Dear Sir/Madam

You are invited to the following meeting:

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

Apologies for absence should be notified to Lynne Geddes at the above number.

Yours faithfully

Executive Manager – Governance and Law

Chair: Peter Campbell
Vice-Chair: Theo Smith

AGENDA

- (a) Hold circular calling meeting as read.
- (b) Apologies for absence, if any.
- (c) Declarations of Interest – Members are asked to consider whether they have an interest to declare in relation to any item on the agenda for this meeting. Any Member making a declaration of interest should indicate whether it is a financial or non-financial interest and include some information on the nature of the interest. Advice may be sought from Officers prior to the meeting taking place.
- (d) Confirm minutes of meeting held on 8 March 2018 (enclosed).

ITEM

1. Development Directorate Performance Report – 2017/18
DV-17
2. Management Accounts for Shetland College Board:
2017/18 – Draft Outturn
F-37
3. Shetland College Principal's Update
SCB-140
4. Effective and Sustainable Tertiary Education, Research and
Training Project – Strategic Outline Case
DV-21



Shetland Islands Council

MINUTES

A&B - Public

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/3rd 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



Meeting(s):	Development Committee Environment and Transport Committee Shetland College Board	21 May 2018 21 May 2018 23 May 2018
Report Title:	Development Directorate Performance Report - 2017/18	
Reference Number:	DV-17-18-F	
Author / Job Title:	Neil Grant - Director of Development Services	

1.0 Decisions / Action Required:

- 1.1 The Development Committee should discuss the contents of this report and make any relevant comments on the achievements of the Directorate during 2017/18, progress against the priorities set out in the Directorate Plan and contribute to the planning process for future years.

2.0 High Level Summary:

- 2.1 This report summarises the activity and performance of the Development Directorate for 2017/18, enabling Members to analyse its performance against the Directorate's Service objectives and the Corporate Plan outcomes.

3.0 Corporate Priorities and Joint Working:

- 3.1 Effective Planning and Performance Management are key aspects of Best Value and features of "Our Plan", the Council's Corporate Plan 2016-2020.
- Our performance as an organisation will be managed effectively, with high standards being applied to the performance of staff and services. Poor performance will be dealt with, and good service performance will be highlighted and shared.

4.0 Key Issues:

- 4.1 The Directorate's objectives as detailed in the Directorate Plan are the outcomes the Directorate aims to deliver in the year. We said "**what we must do in 2017/18**" was:
- reliably and safely deliver our day to day services that meet the needs of our customers;
 - meet our statutory requirements and deliver compliant services;
 - deliver our objectives to ensure the Corporate Plan commitments are met;
 - maintain our existing assets;
 - protect the environment and reduce the environmental impact of our activities;
 - address inequality- supporting those most in need and not making inequalities worse;
 - provide best value for the public funds invested in our services and Development.

Progress on Corporate Plan Outcomes

4.2 The Directorate is leading on the following Corporate Plan Commitments to work with others to:

- Help new business start-ups and growth, and having a thriving social enterprise sector.
- Have a much closer match between the skills which businesses need and those that the trained workforce have.
- Invest Council funds wisely to produce the maximum benefit for Shetland's Economy.
- Achieve a sustainable model for Tertiary Education and Research.
- Increase the supply of affordable housing in Shetland.
- Implement the Community Empowerment (Scotland) Act.
- Support Communities to find local solutions, and people in Shetland to feel more empowered, listened to and supported to take decisions.
- Increase the levels of volunteering.
- Ensure that people, particularly from vulnerable backgrounds are getting access to learning and development opportunities.
- Ensure more people are getting access to high-speed broadband and mobile connections.
- Enable people to book and pay for journeys on our busses and ferries using efficient and effective systems, and there will be a system of fares that helps people on lower incomes travel to and from and within Shetland.
- Enable our communities to feel better connected using new community transport solutions developed by communities themselves.
- Have a clearer understanding of the options and the investment needed to create a sustainable internal transport system over the next 50 years.
- Influence changes to our external transport systems that meet our economic growth needs.

4.3 The Directorate is also contributing substantially to the Young People commitment to provide opportunities for young people to gain work placement experience and vocational qualifications while at school, giving them the skills they need to get jobs or continue into further education.

Directorate Achievements in 2017/18

4.4 During 2017/18 the Development Directorate:

- Led the development of the draft Shetland Partnership Plan 2018-28 (LOIP), and public consultations.
- Worked with Community Planning partners in the Development Partnership to produce 10 year plan to attract people to Shetland to live, work, study, invest.
- Retendered the Promote Shetland Services Contract.
- Produced a Housing Revenue Account (HRA) Business Plan.
- Agreed a Strategic Housing Investment Plan with a target of 316 new affordable homes built during the next 5 years, and achieved commitment of £14.3m Government funding towards this.
- Accessed Scottish Government Rural and Islands housing funding to investigate community housing projects with Walls & Sandness and Northmavine communities.

- Commenced project to work with small island communities, to develop future plans.
- Worked with colleagues in Orkney and the Western Isles to develop a draft Islands Deal Proposal as part of the Our Islands Our Future project.
- Worked with Hjaltsland Housing Association, Architecture and Design Scotland (A&DS) and community representatives to finalise Staney Hill Master Plan and adopt as planning policy.
- Worked with Corporate Services, A&DS, and community representatives to develop a draft Master Plan for the Knab site.
- Commenced engagement of a Master Planning project for Scalloway ("Making Places").
- Led project to resettle two Syrian refugee families.
- Developed and implemented a new Lending Service, Policy and Fund.
- Refreshed the Shetland Transport Strategy.
- Helped secure £5 million funding for Internal Ferries for 2018/19, with commitment from Scottish Government to work towards a management/funding arrangement for future years.
- Engagement with Scottish Government and Transport Scotland on external ferry contracts.
- Working with the Tertiary Sector and funding stakeholders to investigate effective governance structure.
- The Shetland College, NAFC Marine Centre and train Shetland have jointly exceeded the Further Education (FE) target activity.

4.5 Appendix A shows progress on the key projects and actions the Directorate set out to complete or substantially progress in 2017/18. Appendix B shows the Council wide indicators and the Key Directorate Indicators to enable the Committee to monitor service delivery against our performance targets and our Directorate Objectives in 4.1.

Risk and Service Challenges

4.6 Performance monitoring and performance reporting must also consider the areas of risk arising from our operations, the service challenges the directorate faces, actions and projects which have not progressed as planned and where we don't meet Performance Indicator Benchmarks:

- Colleges Integration - plans to agree Full Business Case have been delayed, with implementation of agreed model planned for implementation by start of academic term 2019.
- Homelessness and Temporary Accommodation - we continue to experience significant pressure on housing stock particularly in the Lerwick area, leading to long periods in temporary accommodation.
- Islands with small populations - we are already experiencing reducing numbers in some of the communities and difficulties in meeting need for example island fire crew required for island air services.
- We continue to experience difficulty in recruiting to posts within the service notably Planning Service posts where there is an acute national shortage of qualified staff.

4.7 Appendix D is an Infographic which provides the Committee with a range of statistics to show the activities and outputs of the Directorate.

4.8 The Directorate Risk Register in Appendix E sets out the strategic risks which might prevent the Directorate from achieving its objectives in 4.1. The Committee should consider whether additional control measures could be applied to reduce the risk of circumstances giving rise to a negative impact on Directorate Performance.	
5.0 Exempt and/or Confidential Information:	
5.1 None.	
6.0 Implications:	
6.1 Service Users, Patients and Communities:	Effective performance management and continuous improvement are important duties for all statutory and voluntary sector partners in maintaining appropriate services for the public. The Directorate uses customer feedback and complaint analysis to drive service change and service improvement.
6.2 Human Resources and Organisational Development:	There are a number of actions in this service plan with staffing implications. Care is taken to ensure that staff are involved and informed about changes that might affect them, that HR are closely involved and that relevant Council policies are followed. Ensuring staff feel valued and supported especially through periods of challenge and change is a key consideration for the Directorate Management team. Recruitment continues to be an issue in some services.
6.3 Equality, Diversity and Human Rights:	The Directorate carries out Integrated and Equalities Impact Assessments to ensure its services are supporting those most in need and not making inequalities worse. There are some recent examples of best practice within the Service; for example, the ZetTrans pilot which has enabled at least 7 people to move into employment, without cost to any public service.
6.4 Legal:	The Directorate delivers statutory services, monitoring performance provides assurance that statutory requirements are met and the Council complies with its duties in delivering Services.
6.5 Finance:	The actions, measures and risk management described in this report have been delivered within existing approved budgets.
6.6 Assets and Property:	A number of the actions in the Directorate Plan relate to maintenance and replacement of Development and Council assets to maintain delivery of services to the people of Shetland.
6.7 ICT and New Technologies:	Limitations of the Shetland wide Broadband and Mobile networks impact on delivery of services which require remote access to digital networks and databases.
6.8 Environmental:	The Directorate works closely with Infrastructure and other Directorates to reduce energy usage and carbon emissions.

6.9 Risk Management:	<p>Embedding a culture of continuous improvement and customer focus are key aspects of the Council's improvement activity. Effective performance management is an important component of that which requires the production and consideration of these reports. Failure to deliver and embed this increases the risk of the Council working inefficiently, failing to focus on customer needs and being subject to negative external scrutiny.</p> <p>Risk management is a key component of the performance cycle and the Directorate Plan actions are determined to be priorities to manage the Directorate risks.</p>	
6.10 Policy and Delegated Authority:	<p>The Council's Constitution – Part C - Scheme of Administration and Delegations provides in its terms of reference for Functional Committees (2.3.1 (2)) that they;</p> <p>“Monitor and review achievement of key outcomes in the Service Plans within their functional area by ensuring –</p> <p>(a) Appropriate performance measures are in place, and to monitor the relevant Planning and Performance Management Framework.</p> <p>(b) Best value in the use of resources to achieve these key outcomes is met within a performance culture of continuous improvement and customer focus.”</p>	
6.11 Previously Considered by:	None.	

Contact Details:

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14 May 2018

Appendices:

Appendix A - Progress on the Directorate Projects and Actions (Development Committee, Environment and Transport Committee, Shetland College Board)

Appendix B – Key Directorate Indicators and Council Wide Indicators (Development Committee, Environment and Transport Committee, Shetland College Board)

Appendix C – Complaints Summary (Development Committee Only)

Appendix D – Development Infographic (Development Committee, Environment and Transport Committee, Shetland College Board)

Appendix E – Risk Register (Development Committee Only)

Background Documents:

[Directorate Plan 2018-20](#)

Appendix A - Projects and Actions - Development ->Shetland College Board



Generated on: 14 May 2018

OUR PLAN 2016-2020

C) ECONOMY & HOUSING

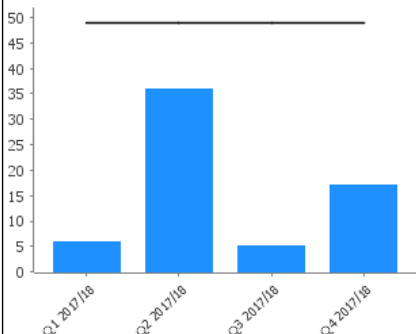
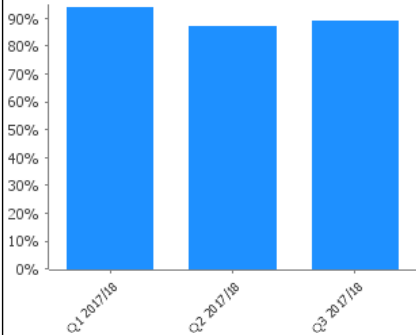
1) Promote enterprise

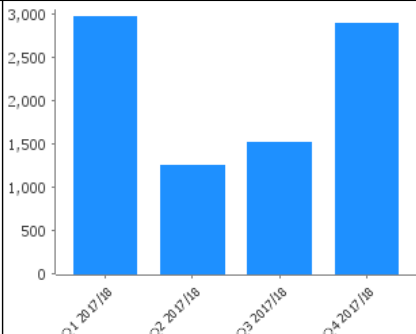
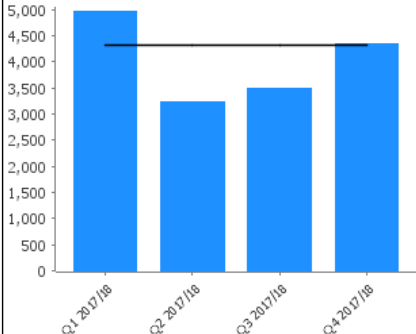
We will have an economy that promotes enterprise and is based on making full use of local resources, skills and a desire to investigate new commercial ideas.

Code & Title	Description	Desired Outcome	Dates		Progress	Progress Statement	Lead
DP203 Support for local businesses and entrepreneurs	Development of a skilled workforce to match industry requirements, and other direct and indirect support to businesses. Sustainable integrated delivery model for Tertiary Education and Research is in place for August 2018.	Sustainable economy with access to skilled workforce	Planned Start	01-Apr-2017		The Islands Deal project is being progressed along with Orkney and Western Isles. The deal will have a key focus on increasing Shetland's economically active population.	Development Services Directorate
			Actual Start	17-Aug-2017	<div><div></div></div> 25%		
			Original Due Date	01-Apr-2020	Expected success		
			Due Date	01-Apr-2020		A Strategic Outline Case for efficient tertiary education, research and training delivery has been prepared which identifies a preferred option for further analysis and Full Business Case to be prepared for October 2018, with estimated vesting (implementation) by start of academic term 2019.	
			Completed Date		Experiencing issues, risk of failure to meet target		

Appendix B Performance Indicators (Quarterly)- Development Directorate -> Shetland College Board

Generated on: 14 May 2018

Code & Short Name	Previous Years		Quarters				Q4 2017/18	Graphs	Past performance & future improvement Statements
	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18			
	Value	Value	Value	Value	Value	Value	Target		
GC-01 Number of modern apprentices recruited by Train Shetland	44	64	6	36	5	17	49		Our original contract was for 49 starts. However, we successfully bid for extra places so that the cumulative total for new starts in Q1 – 4 (2017/18) was 64 (131% of contract). There were an additional 10 apprentices who progressed to a higher level, eg from Level 2 to Level 3.
GC-02 % Achievement rate of Modern Apprentices recorded by Skills Dev Scotland	85.75%	89%	94%	87%	89%				Next update in June 2018

	Previous Years		Quarters						
Code & Short Name	2016/17	2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q4 2017/18	Graphs	Past performance & future improvement Statements
	Value	Value	Value	Value	Value	Value	Target		
GC-04 Shetland College Student Enrolments Further & Higher Education Combined	2,380		2,964	1,245	1,520	2,889			Our enrolment figures appear to dip in Q2 and Q3. This is a reflection of the time of the academic year versus the financial year. The Q4 figure does not include NAFC HE enrolment total of 46 (full and part-time).
GC-05 Total Credits (inc Train Shetland & NAFC)	4,362		4,971	3,231	3,488	4,339	4,332		The credit target has again been achieved. It is interesting to note that c.60% of credits are attributed to part-time FE learning.

DEVELOPMENT SERVICES REVIEW OF THE YEAR 2017/18

103 NEW HOUSES BUILT
63 PRIVATE
40 AFFORDABLE

**NORTH
MAINLAND**

21

17 PRIVATE
4 AFFORDABLE

**WEST
MAINLAND**

1

PRIVATE

**NORTH
ISLES**

6

PRIVATE

**LERWICK &
BRESSAY**

48

16 PRIVATE
32 AFFORDABLE

**CENTRAL
MAINLAND**

17

13 PRIVATE
4 AFFORDABLE

**SOUTH
MAINLAND**

10

PRIVATE



170 COUNCIL HOUSES
ALLOCATED ACROSS SHETLAND

- ✓ Shetland
- ✓ Community
- ✓ Choices

**6 LOCAL PROJECTS
BENEFITED
FROM £100,000 AFTER
MORE THAN 1,000 PEOPLE
CAST 5730 VOTES**

TRAINSHETLAND
Vocational Training

74 NEW STARTS
compared to 55 last year

86%

our achievement rate
over the past year

-Who employs our apprentices?

private sector

71%



public sector

29%



2.2 million

passenger and vehicle journeys on
transport services throughout Shetland
an overall 2% decrease from previous year



Over £1.1 million
of External Funding
secured by 9 different
community projects and
3 SIC projects with our help

**£1.08
MILLION**

approved for
32 economic
development
projects



18 active LEADER projects
funded by the Scottish
Rural Development
Programme





Meeting(s):	Shetland College Board	23 May 2018
Report Title:	Management Accounts for Shetland College Board: 2017/18 – Draft Outturn	
Reference Number:	F-37-F	
Author / Job Title:	Jonathan Belford, Executive Manager - Finance	

1.0 Decisions / Action required:

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

2.0 High Level Summary:

- 2.1 The purpose of this report is to enable the Shetland College Board to note the financial performance of services within its remit for the 2017/18 financial year.
- 2.2 The report shows the controllable position, and the total cost position (as would be relevant in an incorporated college). The information will be subject to final accounting and audit adjustments as part of the year-end process.
- 2.3 The service performance is detailed in the Development Directorate performance report, also on today's agenda.
- 2.4 This report forms part of the financial governance and stewardship framework, which ensures that the financial position of the Council is acknowledged, understood, and quantified on a regular basis. It provides assurance to the Corporate Management Team and the Board that resources are being managed effectively.
- 2.5 Since the approval of the 2017/18 budget, revisions to the budget have occurred and therefore, this report refers to revised budgets.

3.0 Corporate Priorities and Joint Working:	
3.1	There is a specific objective in the Corporate Plan that the Council will have excellent financial management arrangements to ensure that it continues to keep a balanced and sustainable budget, and is living within its means. The Council must continue to pursue a range of measures that will enable effective and successful management of its finances over the medium to long term. This involves correct alignment of the Council's resources with its priorities and expected outcomes and maintaining a strong and resilient balance sheet.
4.0 Key Issues:	
4.1	The draft revenue outturn position for Shetland College Board shows that the contribution required from the Council is £942k, which is £196k less than the anticipated deficit. There are no recurring savings identified at this time.
4.2	See appendix 1, attached, for detailed information on the revenue outturn position.
5.0 Exempt and/or confidential information:	
5.1	None.
6.0 Implications :	
6.1 Service Users, Patients and Communities:	There are no implications.
6.2 Human Resources and Organisational Development:	There are no implications.
6.3 Equality, Diversity and Human Rights:	There are no implications.
6.4 Legal:	There are no implications.
6.5 Finance:	<p>The overall 2017/18 draft outturn for the Council does not require a draw on reserves in excess of the returns that the fund managers can make on average in a year, and therefore demonstrates that the Council is living within its means.</p> <p>The contribution required from the Council to balance the Shetland College budget is £942k, which is under the revised budget but is still an unsustainable position. The compounding impact of this level of funding will place increasing financial pressure on other services of the Council.</p>
6.6 Assets and Property:	There are no implications.

6.7 ICT and new technologies:	There are no implications.	
6.8 Environmental:	There are no implications.	
6.9 Risk Management:	<p>There are numerous risks involved in the delivery of services and the awareness of these risks is critical to successful financial management.</p> <p>The Shetland Tertiary Education, Research and Training Project (STERT) is currently seeking to put in place an effective provision and reduce the financial risks associated with the unsustainability of the current model of provision in Shetland.</p> <p>The full business case will be presented to Council in October 2018 for approval, at which a vesting date will be set and implementation will begin.</p>	
6.10 Policy and Delegated Authority:	<p>Section 2.8 of the Council's Scheme of Administration and Delegations states that the Shetland College Board is required to monitor progress against all objectives set by the Shetland Islands Council to any function, matter, service or undertaking delegated to it by the Council. The Council approved both revenue and capital budgets for the 2017/18 financial year. This report provides information to enable the Board to ensure that the services within its remit are operating within the approved budgets.</p> <p>The Council's Financial Regulations state that the Executive Manager - Finance has a responsibility to ensure that detailed monitoring by Directors and Executive Managers is carried out and that the Council will determine the reporting content, timescale, frequency and receiving committee(s) required for monitoring statements and the Executive Manager - Finance will be responsible for ensuring compliance with this.</p>	
6.11 Previously considered by:	n/a	n/a

Contact Details:

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11/05/2018

Appendices:

Appendix 1 – Shetland College Board Draft Outturn Position for 2017/18

Background Documents:

SIC Budget Book 2017/18, SIC 15 February 2017

<http://www.shetland.gov.uk/coins/submissiondocuments.asp?submissionid=20520>

Shetland College Board

1.0 - Draft Revenue Outturn Position 2017/18 Financial Year

Budget v Proj. Outturn Variance Q3 (Adv)/ Pos £000	Service Area	2017/18 Revised Annual Budget £000	Draft Outturn 2017/18 Quarter 4 £000	Budget v Draft Outturn Variance Quarter 4 (Adv)/ Pos £000
95	Grants from Funding Council	(1,561)	(1,904)	343
(17)	Property Costs	531	541	(10)
25	Teaching Departments	1,255	1,216	39
13	Senior Management & Admin	555	507	48
(40)	Support	402	408	(6)
(43)	Income Generating Units	(6)	30	(36)
(59)	Council Contribution	(861)	(737)	(124)
(26)	All Costs Shetland College	315	61	254
(61)	Train Shetland - Controllable	86	144	(58)
(61)	Outturn Deficit	401	205	196

* The total contribution required from the Council to meet the deficit is **£942k** (£737k council contribution + £205k remaining deficit)

Included in the above table are the projected variances presented as at Quarter 3. The main differences are explained as follows:

- Grants from Funding Council – £248k difference: Includes a contribution towards the NRPA un-promoted lecturer's pay migration, additional FE Credits funding, additional Capital Maintenance funding, and reduced payment to NAFC for FE Credits due to a change in the implementation date of the FE Agreement; and
- Approved Contribution from SIC – (£65k) difference: Reflects the updated position on FE Credits between Shetland College and NAFC, which reduces the contribution required.

Explanations of the main draft outturn variances are set out below:

1.1 Grants from Funding Council – Draft outturn surplus £343k (22%)

The main reasons for variance are:

- An amendment to the date of the FE Credit Agreement from August 2015 to April 2016, at the request of the NAFC meant that FE Credit and Core Grant payments required to be recalculated (it should be noted that the surplus here is offset by a reduction in Approved Contribution to Shetland College (1.7 below), and additional costs incurred under the Development Directorate - £224k;

- additional funding in respect of the NRPA Pay migration for lecturers - £55k; and
- increased funding for FE Credits - £50k.

1.2 Property Costs – Draft outturn overspend (£10k) (2%)

There is no significant variance in this area.

1.3 Teaching Departments - Draft outturn underspend £39k (3%)

This underspend is mainly due to additional income for SVQs in the Health and Care Department - £46k.

1.4 Senior Management & Administration - Draft outturn underspend £48k (9%)

The underspend is mainly due to a reduction in recharges from other Council services (mainly HR) - £71k; offset by minor overspends elsewhere.

1.5 Support – Draft outturn overspend (£6k) (1%)

There are no significant variances in this area.

1.6 Income Generating Units – Draft outturn shortfall (£36k)

The main reasons for variance are:

- A shortfall in Canteen income due to the ambitious budget set, which has not seen demand meet expectations – (£18k); and
- Textile Facilitation Unit income was less than anticipated, due in part to a temporary vacancy in the service during the first quarter, which reduced production capacity – (£29k).

1.7 Approved Contribution from SIC – Draft outturn shortfall (£124k) (14%)

The adverse variance here is associated with the favourable variance in 1.1 above. Overall Shetland College are no worse off as a result of the FE Credit Agreement with NAFC.

1.8 Train Shetland – Draft outturn overspend (£58k) (68%)

The level of modern apprentices has increased during 2017/18, resulting in a corresponding increase in school fees for Vocational Training – (£46k)



Meeting(s):	Shetland College Board	23 May 2018
Report Title:	Principal's Update	
Reference Number:	SCB140-F	
Author / Job Title:	Willie Shannon Principal	

1.0 Decisions / Action required:

- 1.1 Shetland College Board should NOTE the content of this report and note 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.

2.0 High Level Summary:

- 2.1 The report updates Board members on activity levels across the tertiary sector in Shetland taking in full-time, part-time and short courses.
- 2.2 The current position at this point in academic session 2017/18 is that we are overtrading with 4,341 FE Credits, exceeding the overall SFC Credit Target of 4,332.
- 2.3 Train Shetland continues to show healthy numbers across a range of areas and significant growth in specific sectors.

3.0 Corporate Priorities and Joint Working:

- 3.1 Activity levels in Shetland's tertiary sector report links to the corporate priority of maximising the opportunity for further, higher and vocational learning opportunities, both for school leavers and for people returning to learning.
- 3.2 Children and Young People, including those from vulnerable backgrounds and care experienced, will have access to learning and development opportunities that enables them to fulfil their potential.
- 3.3 Shetland Schools in conjunction with Shetland Tertiary Education Sector and local business provide opportunities for young people to gain workplace experience and vocational qualifications while in education, providing the skills young people need to gain employment or continue onto further/higher education.
- 3.4 The Tertiary Education sector offers opportunities for people with all levels of skills to match with the skills that businesses need and those that the trained workforce have.
- 3.5 We continue to strive to create an effective model for providing excellent services to our learners.

4.0 Key Issues:

- 4.1 At this stage in the academic session, 2017/2018 Shetland College UHI has enrolled 71 FE full-time and 581 FE part-time students 74% of the overall enrolment target set for 2017/2018. NAFC Marine Centre have enrolled 28 FE full-time and 790 FE part-time students and Train Shetland have enrolled 1209 short course students so far.

	Outturn Figures			To Date
	2014/15	2015/16	2016/17	2017/18
Shetland College UHI FE Full Time	62	59	74	71
Student Numbers FE Full Time (NAFC)	32	16	28	28
Train Shetland – Short Courses	1022	1342	1485	1209
Totals	1,116	1,417	1,587	1308

- 4.2 Part-time and Short Course students continue to be enrolled throughout Academic Year. At the nearest period (June) last academic year, 2016/2017 Shetland College UHI enrolled 74 FE full-time and 675 FE part-time students 101% of enrolment target for 2016/17. NAFC Marine Centre enrolled 28 FE full-time and 741 FE part-time and Train Shetland enrolled 1485 short courses.

- 4.3 At this stage in the academic session 2017/2018 Shetland College UHI has enrolled 82 HE full-time and 175 HE part-time students, 97% of target of enrolment target for 2016/17. Compared to 77 HE Full-time and 160 HE Part-time in 2017/18 103% of enrolment target for 2016/17. NAFC Marine Centre have enrolled 32 HE full-time and 14 HE part-time students for 2017/18 compared to 20 HE Full-time in 2016/17. Train Shetland have no HE enrolments.

	Outturn Figures			To Date
	2014/15	2015/16	2016/17	2017/18
Shetland College UHI HE Full Time	89	73	77	82
Student Numbers HE Full Time (NAFC)	Not Available	30	20	32

- 4.4 Enrolment targets are derived from experience of previous years, indications from current students and contacts being made at the time enquiring about courses. As a result, targets are a snap shot at the time of submission. As can be noted from the figures comparing previous academic year 2016/2017 with the current academic year 2017/2018, targets for 2017/2018 where increased to take account of exceeding targets for 2016/2017. The Tertiary Education Sector is in an over-trading position in relation to FE credit income, with credit target in 216/2017 exceeded by 797 (118% of credit target set) and the current position target being exceed by 9, although expected to increase by another 200 (105% of credit target set). While we are expecting to be in a lower over-trading position this academic year, a challenge continues to be for the Tertiary Education in Shetland is to retain

as many of its FE and HE full-time and part-time students as possible and to ensure that we are paid for what we deliver.

4.5 Train Shetland Short Courses

1st February 2018 – 30th April 2018

Between February and April this year, Train Shetland has delivered 64 courses to 605 delegates across the disciplines of Administration & Management, Business, Construction, Corporate Training, CPC training, First Aid, Food Safety and Health & Safety. In March, we ran a successful and well-received series of Professional Competence courses for Drivers, and hope to run more in the autumn. We also organised and facilitated a number of bespoke courses with trainers from outside Shetland to meet specific needs in the construction and public service sectors.

Train Shetland has provided administrative support for a further 50 courses at NAFC. We continue to provide room hire facilities for courses run by Workforce Development and Shetland Construction Training Group.

In addition, as an exam centre, Train Shetland has accommodated 10 candidates sitting exams for professional qualifications in Finance, Accounting, and Health & Safety.

Business Gateway

The spring series of Business Gateway courses has gone well. In particular, the Management Masterclass suite of courses has been particularly successful with most courses being fully subscribed and a waiting list for a further series of these courses in future.

Subject Area	No. of Delegates	No. of Courses	How full were courses?
Administration and Management	31	3	89%
Business Gateway	84	10	68%
Construction	8	1	100%
Corporate Training	12	1	100%
CPC Training	87	6	82%
First Aid	210	21	83%
Food Safety	20	6	74%
Health & Safety	134	14	91%
Miscellaneous	19	2	81%
Grand Total	605	64	82%

The Short Course Service Target for 2018/19 is to deliver up to 280 courses for the Private Sector, SIC Workforce Development and Business Gateway.

4.6 Train Shetland Vocational.

Train Shetland took on 64 new starts in 2017/18, an increase from 42 in 2016/17. A large number of the new starts were in the Care Sector including 14 starts for SVQ4.

Our bid to SDS for the new contract year has been approved which is for 84 places (up 20 from last year). The new contract comes with a new set of requirements so we are working with SDS to ensure compliance with the regulations.

One requirement was to produce a Quality Assurance self-assessment document which has been submitted at the end of April. This will produce an action plan against which Train Shetland will be monitored. We have been informed that SDS staff members are likely to visit in July.

Train Shetland is receiving a high volume of applications. As of 3 May, 94 applications had already been received for a variety of different sectors. This has been helped by vacancies being advertised on our website for Care, Engineering, Plumbing, Motor Vehicle and Vehicle Paintwork Repair. We have also had a number of enquiries from companies interested in taking people on so the outlook appears quite positive. SDS funding is increased in the STEM subjects but is reduced in the service sector which may have an impact on take-up in these areas.

The Council has already advertised and done a recruitment drive for Health and Social Care places. There are 8 young candidates who are currently at the preferred candidate stage. For Care, SVQs are mandatory so we are working with our colleagues in Community Health and Social Care to use SDS apprenticeship funding to support essential training for existing staff who meet the requirements. There is a high demand in this area. It is worthwhile noting the considerable and positive joint working that takes place with both SIC Workforce Development and Community Health and Social Care.

Train Shetland has appointed a Vocational Training Administrative Assistant and our Vocational Training Co-ordinator so the service is up to a full complement of staff. Both positions are on a temporary basis.

4.7 Strategic Outline Case

The report by the Director of Development Services, which is also on today's agenda, highlights the critical success factors as part of an options appraisal for the future of the tertiary sector in Shetland. Subject to approval of the Strategic Outline Case, a bid will be made to the Scottish Funding Council for financial resources to develop a full business case which will be presented in October.

Our key partners at both regional and national levels have given commitment to provide support through the process of developing a business case, and beyond that if all parties are agreed on a future model for the sector in Shetland.

4.8 Scottish Association of Timber Trade Teachers (SATTT)

Shetland College hosted the 35th Annual SATTT Carpentry and Joinery Inter-College Competition for 2018. This event took place on Saturday 12 May at Shetland College culminating in a Prize Giving Ceremony where the Principal and the Chair of the Shetland College Board attended.

This year there were 13 participants from Colleges throughout Scotland with 1 student from Shetland College taking part. This event brought the best students from across the country together where their work was marked by a panel of judges, the student was not identified with the piece of work during the marking process. The standard produced was exceptional and first place was awarded to the student from Shetland, Mr John Knox. The event was followed by an evening event for participants and visiting lecturers.

5.0 Exempt and/or confidential information:

5.1 There is no exempt information contained within this report.

6.0 Implications:**6.1 Service Users, Patients and Communities:**

N/A

6.2 Human Resources and Organisational Development:

N/A

6.3 Equality, Diversity and Human Rights:

N/A

6.4 Legal:

N/A

6.5 Finance:

There are no direct financial implications arising from this report.

6.6 Assets and Property:

N/A

6.7 ICT and new technologies:

N/A

6.8 Environmental:

N/A

6.9 Risk Management:

There is a risk to FE Credit income from the Scottish Funding Council, which is related to the level of student activity in any given year, and the outcomes achieved by those students. This income is currently capped at 4,332 FE Credits. In addition, it is likely that the FE Credit value will change from a standard flat rate, to a weighted rate (impacting on the total received and the share of funding between providers).

6.10 Policy and Delegated Authority:

The role of the Shetland College Board is to support the Interim Joint Principal of Shetland College / Train Shetland / NAFC Marine Centre in carrying out his roles and to monitor progress against objectives approved by the Board or which have been set by the Council, including: -

- a Strategic direction for Shetland College: specifically, the Board shall have the delegated authority to approve

	<p>immediate short and medium term joint strategic plans with reference to the Council's agreed deliverables and milestones until June 2018. Approval of long-term plans shall be reserved to SIC and Education and Families Committee as a component of their longer-term vision wider strategic remit for learning at all stages of life.</p> <p>b Ascertaining the needs of users and promoting access between school, work, research and further and higher education, including approval for submission of annual, strategic and operational plans to UHI on behalf of the Council.</p> <p>c Developing resources, including financial resources, to support the learner.</p> <p>d Authority to review and develop structure plans to provide the staffing required for the College and to meet needs and provision for staff development and career review.</p> <p>e To provide direction on matters of quality assurance and improvement.</p> <p>f To monitor and provide assurance that the College operates sound financial management, including developing budgets and pursuing credit funding.</p> <p>g Liaising with UHI and other appropriate bodies, e.g. SQA, Scottish Funding Council and Education Scotland.</p> <p>h Take such decisions as appropriate to support the Interim Joint Principal in meeting the Council approved integration milestones.</p>	
6.11 Previously considered by:	N/A	

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Appendices:

Appendix 1 – Credits monitoring spreadsheet

END

Student Enrolments and Credits Monitoring 07 May 2018

	Further Education		Higher Education		Total
	Full time	Part time	Full time	Part time	
Shetland College	71	581	82	175	909
North Atlantic Fisheries College	28	790	32	14	864
Train Shetland	0	1209	0	0	1209
Adult Learning Evening Classes	0	0	0	0	0

Further Education Credits Monitoring	Full time			Part Time		
	Target	Full-time Enrolled	Credits Value	Target	Part-time enrolled	Credits Value
Creative Industries	22	20	360	22	7	50
Business & Management	6	0	0	16	28	78
Care	42	34	611	112	122	456
Community Learning	0	0	0	332	187	285
Computing	9	6	105	15	1	2
Construction	8	9	135	42	47	284
Cultural Studies	0	0	0	0	0	0
Hospitality	0	2	34	16	10	16
Special Programmes	0	0	0	54	28	65
Vocational Pathways	0	0	0	98	89	221
Sub-Total		71	1245		519	1455.6
NAFC		28	504		790	798
Adult Learning Eve Class	n/a	n/a	n/a	n/a		
Train Shetland	n/a	n/a	n/a	n/a	1209	227
ECDL	0	0	0	39	26	59
ESOL	0	0	0	50	36	52
Totals	87	99	1749	796	2580	2592

Shetland College Target 2017/18	4,332	1 credit = £376
Total Credits @ 07 May 2018	4341	
Credit balance to be achieved	-9	
No Margin	0	
Monetary value of credits to be achieved	-£3,226	

Higher Education Enrolment Monitoring			
Full time		Part Time	
Target	Full-time Enrolled	Target	Part-time enrolled
26	25	23	32
10	12	31	24
28	21	45	65
n/a		40	27
26	15	10	5
0		18	15
8	9	1	1
n/a		n/a	
n/a		n/a	
n/a		n/a	
98	82	168	169

Additional info
Special programmes includes life skills students
FE Business SVQ inc 14 students spanning to 1819
FE SVQ Care inc 43 students spanning to 1819
FE Construction 8 students spanning tp 1819
FE Hospitality inc 5 students spanning to 1819



Meeting:	Education and Families Committee Policy and Resources Committee Shetland College Board Shetland Islands Council	21 May 2018 22 May 2018 23 May 2018 23 May 2018
Report Title:	Effective and Sustainable Tertiary Education, Research and Training in Shetland Project – Strategic Outline Case	
Reference No:	DV-21-18-F	
Author/Job Title:	Neil Grant – Director of Development Services	

1.0 Decisions/Action required:

- 1.1 That the Education and Families Committee, Policy and Resources Committee and 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; and
 - 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).

2.0 High Level Summary:

- 2.1 Shetland's Development Partnership have developed The 10 Year Plan to Attract People to Live, Work, Study and Invest in Shetland". Within the plan, there are priorities to increase Full Time Equivalent (FTE) student numbers and Modern Apprentices studying and practising in Shetland.
- 2.2 The efficient and effective delivery of tertiary education, research and training in Shetland is very important for the delivery of Shetland's community plans, increasing the number of young people and ensuring businesses have access to the skilled workforce they require and ensuring people in Shetland can reach their full potential. A Colleges Integration Liaison Group, which is made up of Board representatives from the NAFC and College, was set up to provide guidance to the Interim Joint Principal in helping to integrate the activities of Shetland College, NAFC Marine Centre and Train Shetland and provide a more joined up Shetland tertiary education, research and training offering. To this end the Joint Strategic Plan 2017-19 and Joint Operating Plan 2017-19 were agreed. More recently, discussions between the Liaison Group and the strategic and funding stakeholders Scottish Funding Council (SFC) and the University of the Highlands and Islands (UHI), have resulted in a commitment to develop a Full Business Case analysis of an effective and sustainable model for tertiary education, research and training in Shetland. This SOC concerns the future operating and governance options for the Shetland Tertiary Education, Research and Training sector.
- 2.3 The purpose of the SOC is to:
- establish the strategic context for the Project
 - make the case for change
 - identify and agree measureable Critical Success Factors
 - identify and agree a long list of options
 - review the long list options against the Critical Success Factors
 - agree the preferred way forward
 - approve the preferred options to be taken forward in the Full Business Case.
- 2.4 The Strategic Outline Case has identified the preferred way forward as being a merger of the services involved in delivering tertiary education, research and training in Shetland. The preferred options to realise this were chosen following an appraisal of shortlisted options against the Critical Success Factors, with each option given a score based on their ability to achieve crucial elements of the CSFs, including financial sustainability, quality management, effective governance and business development. This process was undertaken by staff from SIC and NAFC Marine Centre, and is described more fully in Appendices 1-5.
- 2.5 The preferred options chosen on the basis of the above process are as follows:
- Option 5 ('Host' NAFC) - Independent organisation comprised of operations of Shetland College, NAFC Marine Centre and Train Shetland, which is part of the UHI network, with SFTCT as the 'host' organisation.
 - Option 6 (New College) - Creation of a new, independent organisation comprised of operations of Shetland College, NAFC Marine Centre and Train Shetland, which is part of the UHI network.
- 2.6 Detailed delivery plans are being prepared for work on the Full Business Case.

- 2.7 The Full Business Case is planned to be reported to Committees, Board and Council for a decision in October 2018.

3.0 Corporate Priorities and Joint Working:

- 3.1 The Project is in line with Our Plan 2016-2020, which states:

“A stronger economy which has well-paid jobs available to more people has the potential to produce a more prosperous and fairer society in Shetland. The long-term community plan aim is for Shetland to have good places to live as well as sustainable economic growth with employment opportunities, and for our residents to have the skills they need to benefit from those opportunities.”

The Project addresses the following key aims of the Plan:

Economy and Housing

- The tertiary education, research and training project will have created an effective model for providing excellent services to our learners
- We will have an economy that promotes enterprise and is based on making full use of local resources, skills and a desire to investigate new commercial ideas.

- 3.2 A key objective for the Shetland Community Planning Partnership is to develop and implement a ten-year action plan to attract people to live, work, study and invest in Shetland. This plan is predicated on the link between a healthy demographic balance and the ability to sustain communities and services, and compete economically.

The vision of the plan is:

“In 2028 Shetland will:

- *Be an island of opportunity for young people, businesses and investors;*
- *Be a vibrant and positive student destination;*
- *Have a more balanced demographic profile and a growing population underpinned with more private sector jobs.”*

In order to achieve this vision, one of the objectives of the plan is:

- Foster an environment that supports entrepreneurship and sustainable learning and research

- 3.3 A joint strategic plan for the tertiary education services in Shetland, comprising Shetland College, NAFC Marine Centre and Train Shetland, was developed in 2017 as a response to the requirement for a closer integration of services, with a view to integration of management structures in the future. The Tertiary Education Sector in Shetland: Strategic Plan 2017-2019 describes the following vision:

“NAFC Marine Centre, Shetland College and Train Shetland will work together to help build the future of Shetland through education, training and research”.

The joint strategic plan identifies six strategic goals for the period up to 2019:

- Respond to the needs of Shetland
- Deliver high quality learning experiences and successful outcomes for all learners
- Carry out high quality research
- Provide high quality governance, leadership and management structures
- Grow our business
- Build sustainability

4.0 Key Issues:

4.1 The main issues associated with the report are:

- Presentation of a Strategic Outline Case for the Effective and Sustainable Tertiary Education, Research and Training in Shetland project
- Approval of a preferred way forward that addresses the Critical Success Factors identified for the project
- The preferred way forward identified is a merger of tertiary education, research and training services
- Confirmation of arrangements and resources required to develop a Full Business Case by October 2018, with the need for a funding body to be submitted to the Scottish Funding Council.

5.0 Exempt and/or Confidential Information:

5.1 None

6.0 Implications:

6.1 Service Users, Patients and Communities:	Students, businesses, services users and staff groups will continue to be consulted in the Development of the Full Business Case.
6.2 Human Resources and Organisational Development:	Extension of interim and joint arrangements will be required to ensure the continued operation of the current tertiary configuration. It is clear that the preferred options described in the SOC would involve significant change for staff involved in the tertiary sector. The Full Business Case will have to consider these changes and assess the implications for staff, from structures and management to morale and commitment, as these may have a material impact on the final recommendation.

6.3 Equality, Diversity and Human Rights:	Integrated Equalities Impact assessment will be carried out as part of the development of the preferred option.
6.4 Legal:	<p>No immediate legal issues arise from this report. However, if approved, there are significant employment, pension, contract, procurement, conveyancing and other legal issues to be planned and addressed. Much if the work required will be carried out in-house by Legal Service, but some matters may require external specialist legal advice. Procurement of those services would be carried out by Legal Service.</p> <p>A project of this nature requires adequate time to consider, plan and address all issues thoroughly.</p>
6.5 Finance:	<p>The extension of Interim and Joint management arrangements will be managed within existing budgets.</p> <p>At the 'All Party' meeting on 16 April 2018, chaired by Tavish Scott MSP, the Chair of the SFTCT described the need for continuing financial support through the process of preparing the Full Business Case and any implementation phase that follows that decision point. This request is unquantified at this time and information, such as the 2018/19 budget and assumptions, the 2017/18 year-end outturn and draft accounts will be required to enable officers to advise the Council on the subject at a future meeting.</p> <p>Financial support, in the form of stability funding of £130k, provided to the NAFC Marine Centre in 2016/17, with a further £200k available for 2017/18, has provided the stability required to ensure that this project is not impacted.</p> <p>The Shetland Islands Council Pension Fund is potentially impacted by changes to its Employers, and this will have to be addressed in the Full Business Case.</p>
6.6 Assets and Property:	None at this stage, but the SOC describes a complex property arrangement that will have to be considered in more detail in the Full Business Case.
6.7 ICT and New Technologies:	None at this stage.
6.8 Environmental:	None at this stage.
6.9 Risk Management:	<p>There are a number of significant risks associated with this project:</p> <ul style="list-style-type: none"> • Short timescales for development of the Full Business Case • Maintaining positive staff relations at all stages of developing the Full Business Case, and ensuring effective and timely communication with staff

	<ul style="list-style-type: none"> • Ensuring the key requirements of various stakeholders, including funding stakeholders, SFC and UHI, are met. • Continuing to provide high quality service provision, to students and businesses in the meantime, and • Ensuring required resources are made available to the project and prioritised. <p>These and other risks will be managed in the development of the Full Business Case.</p>
6.10 Policy and Delegated Authority:	<p>The Education and Families Committee has delegated authority for strategic matters relating to the Shetland College and Train Shetland.</p> <p>Policy and Resources Committee has delegated authority to take decisions on matters relating to Organisational Restructuring supported by a recommendation from the Education and Families Committee.</p> <p>The role of the Shetland College Board is to support the Interim Joint Principal of Shetland College / Train Shetland / NAFC Marine Centre in carrying out his roles and to monitor progress against objectives approved by the Board or which have been set by the Council, including: -</p> <ul style="list-style-type: none"> a Strategic direction for Shetland College: specifically, the Board shall have the delegated authority to approve immediate short and medium term joint strategic plans with reference to the Council's agreed deliverables and milestones until June 2018. Approval of long-term plans shall be reserved to SIC and Education and Families Committee as a component of their longer-term vision wider strategic remit for learning at all stages of life. b Ascertaining the needs of users and promoting access between school, work, research and further and higher education, including approval for submission of annual, strategic and operational plans to UHI on behalf of the Council. c Developing resources, including financial resources, to support the learner. d Authority to review and develop structure plans to provide the staffing required for the College and to meet needs and provision for staff development and career review. e To provide direction on matters of quality assurance and improvement. f To monitor and provide assurance that the College operates sound financial management, including developing budgets and pursuing credit funding.

	<p>g Liaising with UHI and other appropriate bodies, e.g. SQA, Scottish Funding Council and Education Scotland.</p> <p>h Take such decisions as appropriate to support the Interim Joint Principal in meeting the Council approved integration milestones.</p> <p>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.</p>	
6.11 Previously Considered by:	N/A	

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16 May 2018

Appendices:

Appendix 1 - Strategic Outline Case – Effective and Sustainable Tertiary Education, Research and Training in Shetland Project
Appendix 2 – Long List
Appendix 3 – Scoring Breakdown
Appendix 4 – Financial Projections
Appendix 5 – Financial Assumptions

Background Documents: None

Effective and Sustainable Tertiary Education, Research and Training in Shetland Project

Strategic Outline Case (SOC)

Version: FINAL

Issue Date: 18 May 2018

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1. THE STRATEGIC CASE

1.1 Introduction

This Strategic Outline Case (SOC) for the Effective and Sustainable Tertiary Education, Research and Training in Shetland Project forms the first stage of the process to identify the best value option for future delivery of tertiary education, research and training in Shetland. The Project is seeking the best value model for delivery of these services, which includes those services currently delivered by Shetland College UHI, NAFC Marine Centre UHI and Train Shetland. The SOC presents the case for change and identifies a series of options for the way forward.

The purpose of the Strategic Case is to explain how the scope of the proposed project or scheme fits within existing business strategies, and to identify the preferred way forward by providing a compelling case for change, in terms of existing and future operational needs.

1.2 Part A: The strategic context

1.2.1 Organisational overview

Shetland

The 2017 Mid-Year Population Estimates for Scotland estimated Shetland's population at 23,080, spread across 16 inhabited islands, with the main population centre of Lerwick home to roughly 7,000 inhabitants¹.

Employment in Shetland is dominated by public administration, which accounts for 21.2% of full-time equivalent (FTE) employment. The next largest sectors in terms of employment are wholesale/retail (12.5%) and construction (8.1%)².

The most recent economic survey conducted in Shetland found the overall value of the local economy (based on combined output from all sectors) to be £1,091.4m, of which around £198m can be attributed to public services and £310.5m can be attributed to combined fisheries operations (fish catching, aquaculture and fish processing)³.

¹ <https://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-estimates/mid-year-population-estimates/mid-2017>

² Shetland Employment Survey 2017, Shetland Islands Council

³ Dyer, G. and Roberts, D. *An Analysis of the Shetland Economy Based on Regional Accounts 2010-11*, p.6

Shetland Islands Council

Shetland Islands Council is the local authority for Shetland, established by the Local Government (Scotland) Act 1973. The Council delivers services including, but not limited to, education, environmental health, roads and ferries, port services, planning, community development, economic development and social care.

The Council is structured around five Directorates:

- Children's Services
- Community Health and Social Care Services
- Corporate and Executive Services
- Development Services
- Infrastructure Services

The above Directorates encompass the various services the Council operates to deliver on its responsibilities and priorities.

Shetland Fisheries Training Centre Trust

Shetland Fisheries Training Centre Trust (SFTCT) promotes the development of the Shetland fisheries and maritime sectors, including fish catching, fish processing, fish farming, marine engineering, navigation, seamanship, research and all related ancillary activities. It does this through advice, support, training and research.

SFTCT is a registered charity governed by a Board of Trustees; the Board is comprised of three representatives of the local seafood industry and seven independent appointees, and is responsible for operating NAFC Marine Centre UHI.

Shetland College UHI

Originating in 1970 as the Shetland College of Further Education, Shetland College is a partner of the University of the Highlands & Islands (UHI) and a part of Shetland Islands Council's Development Directorate.

The College offers a wide range of study options, from national certificates to postgraduate degrees, across a variety of subjects, including creative industries, ICT, business & hospitality, health & social care and construction.

Facilities at the College include an Apple Mac suite, video conferencing facilities and construction workshops, as well as the Textile Facilitation Unit, which hosts three Shima Seki knitting systems and a range of finishing equipment. The College also hosts the UHI Chair in Rural Creativity and the Centre for Nordic Studies, and maintains a Service Level Agreement with Shetland Arts Development Agency for delivery of music courses in Mareel.

Shetland College operations are under the authority of the Shetland College Board, while overall strategic authority remains with the Education & Families Committee. Staffing issues are under the authority of the Policy and Resources Committee.

The College employs 32.6 FTE lecturing staff and 24.8 FTE support staff.

Shetland College's main campus is located at the Gremista Industrial Estate in Lerwick. The College also operates rural learning centres in Yell, Unst, Whalsay, Brae and Lerwick.

NAFC Marine Centre UHI

NAFC Marine Centre is an educational and scientific institute which supports training and development in Shetland's maritime industries, including the seafood sector. The Centre is a partner of UHI and is operated by SFTCT.

NAFC delivers a range of training and qualifications related to maritime industries – this includes qualifications in the engineering, fish catching and aquaculture sectors (including Modern Apprenticeships), and courses to train and qualify seafarers, including the Merchant Navy Cadet Programme.

NAFC carries out a range of applied research and development projects in subjects relevant to the fishing and aquaculture industries, marine spatial planning and the marine environment in general. These include the assessment of shellfish stocks, analysis of fish catching trends, provision of fisheries management advice in support of policy development, and the preparation of the Shetland Islands Marine Spatial Plan and associated guidance. Research can be provided on a contract or consultancy basis.

Facilities at NAFC include a ship bridge simulator, research/teaching laboratories, a marine hatchery and engineering workshops. The NAFC Marine Centre operates a number of vessels for research, survey, training and other purposes – these include a 12m fishing vessel and a 12.5m survey/training vessel which is equipped to carry out sea-bed and hydrographic survey work and benthic sampling, as well as for nautical training.

NAFC employs 17.2 FTE staff in Marine Sciences, 19.4 FTE staff in Training and 9.6 staff in Central Services.

The NAFC Marine Centre campus is located at Port Arthur in Scalloway.

Train Shetland

Train Shetland is part of the Council's Development Directorate and is comprised of two distinct services: Short Courses and Vocational Training.

Short Courses delivers a range of training courses to employers in Shetland across various disciplines, including first aid, business management, ICT, health & safety

and construction. The centre is accredited by a number of compliance bodies including Highfield ABC, REHIS and OCR, and is the local Construction Plant Competency Scheme (CPCS) centre. Short Courses provides business and related training as part of the local Business Gateway service, and also operates as an examination centre for professional bodies and further/higher education institutes outside of Shetland.

Vocational Training co-ordinates Modern Apprenticeships in Shetland across a range of industries, including construction, business & administration, health & social care, engineering, vehicle maintenance, agriculture, hospitality and services. This is done through an annual delivery contract with Skills Development Scotland.

The service employs 5 FTE staff in Short Courses and 4.7 FTE staff in Vocational Training.

Train Shetland operations are under the authority of the Shetland College Board, while overall strategic authority remains with the Education & Families Committee. Staffing issues are under the authority of the Policy and Resources Committee.

Train Shetland is based at the Gremista Industrial Estate, adjacent to Shetland College.

Tertiary Education Sector in Shetland: Strategic Plan 2017-2019⁴

A joint strategic plan for the tertiary education services in Shetland, comprising Shetland College, NAFC Marine Centre and Train Shetland, was developed in 2017 as a response to the requirement for a closer integration of services, with a view to integration of management structures in the future. The plan describes the following vision:

“NAFC Marine Centre, Shetland College and Train Shetland will work together to help build the future of Shetland through education, training and research”.

The joint strategic plan identifies six strategic goals for the period up to 2019:

- Respond to the needs of Shetland
- Deliver high quality learning experiences and successful outcomes for all learners
- Carry out high quality research
- Provide high quality governance, leadership and management structures

⁴ <https://www.nafc.uhi.ac.uk/t4-media/one-web/nafc/about-us/document/staff/publications/Strategic-Plan---2017-19---FINAL.pdf>

- Grow our business
- Build sustainability

The Tertiary Education in Shetland Operating Plan 2017-2019 identifies a series of key actions scoped to deliver against each strategic goal.

A summary of the 2017/18 estimated outturn for the combined tertiary education services is provided below:

Table 1.1 Summary of combined SC, NAFC and TS draft outturn 2017/18

INCOME	£000
Scottish Further Education Funding Council	2,618
Tuition Fees, Contracts & Grants	1,512
Research Grants and Contracts	925
Sale of Meals	62
Consultancy	89
Management & Service Fees	426
Other Income	512
Bank Interest	3
Total Income	6,147
EXPENDITURE	£000
Employee Costs	4,894
Premises Costs	1,314
Boats	10
Equipment & Materials	196
Operating Costs	873
Grants to Individuals/Organisations	9
Marketing	14
Professional and Financial Fees	447
Travel/Vehicle Expenses	151
Total Expenditure	7,908
Net Funding Surplus/(Deficit)	(1,761)

1.2.2 Business strategies

Local

Shetland Islands Council: Our Plan 2016 to 2020⁵

Ensuring inclusive growth through developing the skills of local people and creating well-paid jobs is a core part of the Council's vision. The Council's Plan states:

“A stronger economy which has well-paid jobs available to more people has the potential to produce a more prosperous and fairer society in

⁵ <http://www.shetland.gov.uk/documents/OurPlan2016-20final.pdf>

Shetland.

The long-term community plan aim is for Shetland to have good places to live as well as sustainable economic growth with employment opportunities, and for our residents to have the skills they need to benefit from those opportunities.”

The Council’s Plan highlights the following as priorities for improving the economy and quality of life in Shetland:

- The tertiary education, research and training project will have created an effective model for providing excellent services to our learners
- There will be 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
- We will have an economy that promotes enterprise and is based on making full use of local resources, skills and a desire to investigate new commercial ideas.

Shetland’s Partnership Plan 2018-2028⁶

The Shetland Partnership, of which the Council is a key member, is the Community Planning Partnership for Shetland. The Shetland Partnership Plan 2018-2028 reflects the shared vision of the local area and the partner organisations:

“Shetland is a place where everyone is able to thrive; living well in strong resilient communities; and where people and communities are able to help plan and deliver solutions to future challenges.”

The Shetland Partnership Plan sets out the shared priorities of the Shetland Partnership for 2018-2028, which are as follows:

- People
 - Individuals and families can thrive and reach their full potential
- Participation
 - People can participate and influence decisions on services and use of resources
- Place
 - Shetland is an attractive place to live, work, study and invest
- Money
 - All households can afford to have a good standard of living.

⁶ <http://www.shetland.gov.uk/communityplanning/ShetlandPartnership.asp>

The following targets will be addressed by maintaining and developing a sustainable tertiary education sector in Shetland:

- 98% of school leavers will be participating in learning, training or work in 2021 rising to 100% by 2028 (currently 97.4%)
- Grow the FTE student population by 5% by 2021 and by 20% by 2028 (currently 178 FE & HE students)
- 15% of businesses are struggling to fill vacancies due to a lack of local labour in 2021 and none in 2028 (currently 20%).

The relevant ten-year outcomes from the Plan are as follows:

- People will be accessing employment, education and services in new and innovative ways designed to minimise barriers to involvement such as distance, childcare availability, and digital capability and capacity
- Shetland will be attracting and retaining the people needed to sustain our economy, communities and services
- The economy will be diversifying and growing with an increase in the working age population throughout Shetland and innovative approaches to developing a low carbon economy, skills, technology, and community capacity.

10 Year Plan to Attract People to Live, Study, Work and Invest in Shetland

A key objective for the Shetland Community Planning Partnership is to develop and implement a ten-year action plan to attract people to live, work, study and invest in Shetland. This plan is predicated on the link between a healthy demographic balance and the ability to sustain communities and services, and compete economically.

The vision of the plan is:

“In 2028 Shetland will:

- *Be an island of opportunity for young people, businesses and investors;*
- *Be a vibrant and positive student destination;*
- *Have a more balanced demographic profile and a growing population underpinned with more private sector jobs.”*

In order to achieve this vision, one of the objectives of the plan is:

- Foster an environment that supports entrepreneurship and sustainable learning and research.

Under this objective, the plan identifies the following key priorities:

- Expansion of Modern Apprenticeship programmes across all disciplines, and access funding from the Apprenticeship Levy
- Development of FE programmes in developing skills areas, and work with local businesses and community partners to develop a skills investment plan
- Further develop HE programmes which retain and attract in students e.g. the performing arts programme with Shetland Arts in Mareel
- Facilitate the provision of student accommodation
- Provision of short courses for businesses
- Priority will be given to highly applied, industry specific research that supports sectors of local economic importance
- A vibrant post-graduate research community will be developed within Shetland.

Regional

Highlands and Islands Skills Investment Plan⁷

In October 2014, Skills Development Scotland (SDS), the Scottish Funding Council (SFC) and Highlands and Islands Enterprise (HIE) launched the *Skills Investment Plan (SIP) for Highlands and Islands*. This was the culmination of discussion, research and consultations on finding the best way to realise the ambitions of the three agencies to position the Highlands and Islands as a region with outstanding skills and the potential for development, in light of emerging economic opportunities.

The Skills Investment Planning approach⁸ is intended to bring skills demand and supply closer together, and to contribute to a vibrant economy by supporting individuals to develop the skills needed by industry. The H & I SIP sets out:

- the region's economic performance and sectoral and local assets
- the performance of the regional labour market and associated demographic challenges
- skills issues facing employers within the region

⁷ http://www.skillsdevelopmentscotland.co.uk/media/35679/highlands_and_islands_digital_skills_investment_plan.pdf

⁸ <https://www.skillsdevelopmentscotland.co.uk/what-we-do/skills-planning/skills-investment-plans/>

- opportunities and challenges related to future economic and employment growth
- assessment of current education and training provision.

This extensive and robust evidence base is used as the basis for a framework for future regional action on skills issues. Five key themes were identified as priorities for action with a range of specific interventions and activities identified for each. The themes are:

- Meeting the current skills needs of employers
- Planning for the future
- A region for young people
- People attraction and place attractiveness
- Strengthening the employer voice in the skills system.

The actions set out in the SIP are intended to have an impact on:

- numbers of young people entering positive destinations on leaving school
- numbers of young people staying within the Highlands and Islands on leaving school, college and university as a result of good quality education, training and employment opportunities being on offer
- reducing the number of businesses reporting difficulties accessing skills training
- increasing the number of businesses reporting growth in their workforce
- the scale and range of continuing professional development provision available within the Highlands and Islands.

The SIP is helping guide skills planning and investment decision-making within the Highlands and Islands. However, the Highlands and Islands is a large and diverse area, and employment and skills issues are often local in their focus – reflecting the boundaries of local labour markets, and the specifics of local economies.

In response to the above, a local Skills Investment Plan is currently under development.

University of the Highlands and Islands: Strategic Vision and Plan 2015-2020⁹

The University of the Highlands and Islands is an integrated university comprised of 13 academic partners across the Highlands and Islands region of Scotland, which include Shetland College and NAFC Marine Centre.

The strategic vision for UHI comprises the following themes:

⁹ <https://www.uhi.ac.uk/en/about-uhi/strategic-plan/>

- The university will act as a force for economic, social and cultural change across the region by connecting and collaborating with businesses, public and third sector partners and communities
- The university will continue to meet the needs of learners within the region, while targeting growth in our share of young entrants and students from beyond the region
- The university's research will be recognised internationally, nationally and regionally for its quality and for its contribution to our remit of transforming and enhancing lives, the environment and the economy.

National

Scotland's Economic Strategy¹⁰

Scotland's Economic Strategy describes the actions the Scottish Government plan to take to develop the priority of sustainable growth. These include:

*“Invest in Scotland’s people at all stages of life to ensure that we have a well skilled, healthy and resilient population and an innovative, engaged and productive workforce;
Support the development of highly innovative businesses across the Scottish economy;
Encourage more of Scotland’s diverse business base to engage in innovation and research and development as part of their day-to-day activities;
Continue to support the high-impact, world-class research of Scotland’s Universities and improve levels of commercialisation of academic research.”*

The future

Growing the working age population and developing Shetland as a destination of choice to live, work, study and invest are core aims for community planning partners in Shetland. In order to achieve these aims, it is essential to establish and maintain a tertiary education, research and training sector which is financially

¹⁰ <http://www.gov.scot/economicstrategy>

sustainable, student-focused, delivers a high quality learning experience and which is properly engaged with learners, businesses and communities.

The political priorities of the Council, community planning partners and government are clear in placing tertiary education, research and training services at the heart of economic policy, given their vital role in delivering improvements to the economy through skills development, training, research and providing varied and high quality options for school leavers. The tertiary education, research and training sector is crucial to the ambitions of the Shetland Partnership Plan and the 10 Year Plan, not least in the targets of creating new private sector jobs, growing the student population and increasing the number of local Modern Apprentices.

Current tertiary education, research and training services are expensive to maintain, and are operated separately in a manner which is not conducive to implementing a cohesive strategy for the local sector. In order to reduce the draw on public finances which support the separate institutions, and to develop a more sustainable, responsive and learner-friendly sector to grow the student population and take advantage of economic opportunities, restructuring is required.

Demand for a more highly skilled workforce is borne out from the results of the Shetland Employment Survey 2017, which showed that 20% of employers cannot fill vacancies due to a lack of local labour, while 23% said that the basic employability of candidates for vacancies is a problem. Only 27% of local employers said that they were able to source all their training needs in Shetland.

Uncertainty over the future of tertiary education, research and training services in Shetland has ongoing negative impacts for the sector, including loss of key staff, inability to invest for the future, difficulties in cultivating and maintaining strategic relationships and the lack of coherent long-term planning. For those reasons it is essential to identify a suitable option for delivery of these services and provide a clear direction of travel for the future.

At a joint meeting of representatives from Shetland College, NAFC Marine Centre, Scottish Funding Council (SFC) and UHI on 17 April 2018, it was agreed that a business case be prepared examining options for a restructuring of the organisations involved in delivering tertiary education, research and training in Shetland.

1.3 Part B: The case for change

1.3.1 Project objectives

The last few years have seen considerable efforts undertaken to determine the future of the tertiary education, research and training sector in Shetland, specifically with regard to the future governance and operation of Shetland College UHI, NAFC Marine Centre UHI and Train Shetland. Currently, services are financially unsustainable and are encumbered with complex governance arrangements – these are issues which must be resolved in order to encourage growth in the sector

and secure the benefits which the tertiary education, research and training sector delivers for the future.

In order to grow the student population, to increase income and impact from research and development, and to continue to provide positive impacts to the local population through improving skills, it is necessary to develop a financially sustainable model which is business-driven and responsive to local needs, and which can retain and develop the resources required to deliver high quality learning and research services.

In terms of scale, it is calculated that the combined cost of delivering tertiary education in Shetland through the aforementioned services is £7.9m, with a combined income estimated at £6.1m. This has resulted in an estimated annual outturn deficit of £1.8m.

The spending objectives for this project have been developed to ensure that all key considerations are taken into account when scoring the long list of options for the future of the tertiary education, research and training sector in Shetland. These objectives are described below:

- 1) Develop a financially sustainable model for delivery of tertiary education, research and training in Shetland
 - Establish the most cost effective way to deliver the services in Shetland
 - Reduce the level of annual subsidy from Shetland Islands Council
- 2) Maintain and enhance quality standards in all aspects of service delivery
 - Ensure the ability of services to meet quality requirements set by government and service delivery partners
- 3) Maximise future income
 - Ability to achieve income targets from students, learners, research and business services
 - Ability to respond quickly to income generating activity
- 4) Commit to a single clear, consistent and effective voice for the tertiary education, research and training sector in Shetland
 - Develop a targeted business development and marketing strategy for the sector, with clear targets for growth and engagement
 - One clear, strong and focused voice at regional and national tables
- 5) Maintain local tertiary education, research and training presence, and build strong relationships with resource enablers and strategic partners
 - Maintain physical presence in Shetland
 - Build strong relationships with external organisations vital to the successful delivery of services

- 6) Simplify governance arrangements, and establish effective management structure
 - Ensure appropriate management structure
 - Developed simplified governance structure for the sector

1.3.2 Existing arrangements

Shetland College UHI is managed by the Interim Joint Principal and is part of the Council's Development Directorate. The College reports directly to Shetland College Board on operational matters and Education and Families Committee on wider strategic matters. Staffing issues are a matter for the Policy and Resources Committee.

NAFC Marine Centre is managed by the Interim Joint Principal. SFTCT has overall authority for NAFC Marine Centre.

Train Shetland is managed by the Interim Joint Principal and is part of the Shetland College service under the Council's Development Directorate. Train Shetland reports directly to Shetland College Board on operational matters and Education and Families Committee on wider strategic matters. Staffing issues are a matter for the Policy and Resources Committee.

The Interim Joint Principal reports to both Shetland College Board and SFTCT. Directly reporting to the Interim Joint Principal are an Acting Depute Principal (with responsibility for academic and quality management), NAFC Head of Central Services, Interim Shetland College Operations Manager (shared post) and Shetland College Administration Manager. Respective interim managers for both parts of Train Shetland also report to the Interim Joint Principal.

Finance, legal, human resources and other support services for Shetland College and Train Shetland are currently managed by the relevant Council departments. These services are managed in-house by NAFC Marine Centre.

The main campus and office locations of each service are leased by Shetland Islands Council (in the case of Shetland College, Train Shetland and parts of NAFC Marine Centre) and SFTCT (remaining parts of NAFC Marine Centre) from Shetland Leasing and Property Ltd. (SLAP).

1.3.3 Business needs

The combined tertiary education, research and training sector is currently financially unsustainable. The total funding deficit identified on the basis of the estimated outturn for 2017/18 is £1.8m. Given the continuing pressures on Council budgets, it is essential that a delivery model be established which allows the sector to become financially sustainable.

Governance arrangements differ across the different services, but the requirements for Shetland College and Train Shetland to fit within the Council directorate

structure (with authority ultimately coming from Council committees), and the requirement for Council funding to support NAFC Marine Centre, mean that arrangements are complex and not conducive to collaborative strategic planning, timely decision-making or the development of a single 'voice' with which to market and promote the sector. Simplification of governance and management is required to enable a more entrepreneurial, stable and business-driven environment.

There is a pressing requirement to develop, formalise and recruit a suitable management team to oversee current operations and to drive change. Arrangements at almost all levels of management in the respective services are currently on an interim basis either utilising short term and/or acting up contracts to fill key gaps, or leaving posts unfilled. This must be replaced with a fit-for-purpose management structure populated by appropriately skilled personnel.

The ability to deliver on strategic goals for the local sector is hampered by the complexity of current arrangements and the overall instability and uncertainty faced by the sector. Delivering the maximum benefit for people and businesses in Shetland, and promoting a high quality, innovative environment to schools, employers and partners with a single voice is essential for the future of the sector and the realisation of economic goals for Shetland. Future strategic planning must include a strategy for business development and marketing which emphasises growth and employer engagement.

A single voice is also essential for the maintenance of relationships with key strategic partners and enablers, with particular emphasis on UHI and SFC. UHI are keen that the instability relating to its affiliated partners in Shetland is resolved to the good of the sector and to business in Shetland, while the SFC have made it clear that the current situation of funding two institutions in Shetland is undesirable and unsustainable, and will not continue to support it. The resolution of this is vital for the future of skills and training delivery in Shetland, while the maintenance of quality standards set by other delivery partners, including the Scottish Qualifications Authority (SQA), SDS (through whom Modern Apprenticeship contracts are managed), Seafish, CSCS, REHIS and others is essential for the current functioning and future development of the services.

1.3.4 Potential business scope and key service requirements

It is essential that the options selected for analysis have been scoped to cover the full extent of the project brief. The long list of options described in the Economic Case capture the most relevant methods of organising tertiary education, research and training provision operation, and include minimum and fully resourced, internal and external methods and maintaining the existing services as is.

The Project Scope includes:

- All existing tertiary education, training and research services operated by the Council as part of Shetland College and Train Shetland

- All existing tertiary education, training and research services operated by SFTCT as part of NAFC Marine Centre
- All staffing directly related to the above services
- All property and assets required for operation of the above services
- Existing and new contracts with service delivery partners and business customers
- All academic and vocational accreditations and certifications held by the services in question.

The Project Scope excludes:

- Tertiary education and training operated by the Council as part of SIC Workforce Development or Adult Learning.

1.3.5 Main benefits criteria

The Benefits Criteria are based on the aspects of project delivery which will best achieve the Critical Success Factors. Evaluations contained in this Strategic Outline Case have considered the impact of the Critical Success Factors for the various options described.

1.3.6 Main risks

The main project risks are considered in relation to each of the Critical Success Factors.

1.3.7 Constraints

The following have been identified as constraints within which the Project must operate:

- Quality standards of key service delivery partners (e.g. UHI, SFC, SQA)
- Council spending limits
- Timescales – preferred option required in May 2018 with Full Business Case to be completed in October 2018

1.3.8 Dependencies

The main external influence on the project is the requirement to maintain funding from the Scottish Funding Council for tertiary education delivery in Shetland.

The project must remain a strategic and political priority for Shetland Islands Council and appropriate resources (e.g. staff time) allocated towards this at the direction of the Chief Executive.

2. THE ECONOMIC CASE

2.1 Introduction

In accordance with the Capital Investment Manual and requirements of HM Treasury's Green Book (A Guide to Investment Appraisal in the Public Sector), this section of the SOC documents the long list of options that have been considered in response to the business needs and project scope identified within the Strategic Case.

2.2 Critical success factors

The critical success factors (CSFs) shown within the Strategic Case as spending objectives were as follows:

- 1) Develop a financially sustainable model for delivery of tertiary education, research and training in Shetland
 - Establish the most cost effective way to deliver the services in Shetland
 - Reduce the level of annual subsidy from Shetland Islands Council
- 2) Maintain and enhance quality standards in all aspects of service delivery
 - Ensure ability of services to meet quality requirements set by government and service delivery partners
- 3) Maximise future income
 - Ability to achieve income targets from students, learners, research and business services
 - Ability to respond quickly to income generating activity
- 4) Commit to a single clear, consistent and effective voice for the tertiary sector in Shetland
 - Develop a targeted business development and marketing strategy for the sector, with clear targets for growth and engagement
 - One clear, strong and focused voice at regional and national tables
- 5) Maintain local tertiary education, research and training presence, and build strong relationships with resource enablers and strategic partners
 - Maintain physical presence in Shetland
 - Build strong relationships with external organisations vital to the successful delivery of services
- 6) Simplify governance arrangements, and ensure the retention and attraction of appropriately skilled staff
 - Ensure appropriate management structure
 - Developed simplified governance structure for the sector

These critical success factors are considered to be essential in the context of the project achieving the strategic objectives detailed in the Strategic Case.

2.3 The long-listed options

The long list of options developed as part of this SOC are as follows:

Table 2.1 Summary of long list options and findings

Options		Definition
1	Do Nothing	No further action is taken to change governance, management and funding arrangements of Shetland College, NAFC Marine Centre and/or Train Shetland.
2	Status Quo	Maintain existing governance, with joint management posts regularised, joint strategic plan adhered to and joint curriculum developed as per interim arrangements. Requirements for operational efficiencies would continue.
3	Create a single tertiary education, research and training centre within the Council ('Host SIC')	NAFC Marine Centre becomes part of the Council. Employment of staff is transferred, and all assets and liabilities are taken on by the Council.
4	Create a single tertiary education, research and training centre within UHI ('Host UHI')	Shetland College, NAFC Marine Centre and Train Shetland transfer from existing arrangement to organisational and operational control of UHI. Staff, governance and management transfer to UHI.
5	Create a single independent tertiary education, research and training centre, which is part of the UHI network ('Host NAFC')	Creation of independent organisation comprised of operations of Shetland College, NAFC Marine Centre and Train Shetland, which is part of the UHI network, with SFTCT as the 'host' organisation.
6	Create a single independent tertiary education, research and training centre, which is part of the UHI network ('New College')	Creation of a new, independent organisation comprised of operations of Shetland College, NAFC Marine Centre and Train Shetland, which is part of the UHI network.
7	Shetland College and Train Shetland remain within SIC as part of Education & Families Committee; NAFC Marine Centre remains as is	Strategic oversight of Shetland College and Train Shetland is more closely aligned with SIC Children's Services. NAFC remains as per status quo.
8	Provide only minimum amount of tertiary education, research and training in Shetland	No further investment from SIC in tertiary education, research and training. UHI and SFC fund only basic services.
9	Provide no tertiary education, research and training in Shetland	Disestablishment of Shetland College and Train Shetland by the Council. Core funding to NAFC Marine Centre discontinued.

2.4 Short-listed options

Prior to scoring the options against the Critical Success Factors, a brief scoping exercise was carried out against each option. This judged whether or not each option was capable of achieving the basic aims of each Critical Success Factor, how this impacted on achievability and affordability, and whether or not each option could demonstrate a fit with the business needs and strategic objectives as described in the Strategic Case.

The results of the scoping exercise are as follows:

Table 2.2 Summary of scoping exercise

	Option								
	1	2	3	4	5	6	7	8	9
	Do Nothing	Status Quo	Host SIC	Host UHI	Host NAFC	New	E&F	Minimum	No Provision
CSF1	×	×	?	?	?	?	×	?	×
CSF2	?	?	?	✓	✓	✓	?	?	×
CSF3	?	?	?	?	?	?	?	×	×
CSF4	×	×	?	✓	✓	✓	×	×	×
CSF5	×	?	✓	✓	✓	✓	?	×	×
CSF6	×	×	?	✓	✓	✓	×	×	×
Potential affordability	×	×	?	?	?	?	×	?	?
Potential achievability	?	✓	?	?	?	?	✓	?	?
Business need	×	×	?	✓	✓	✓	×	×	×
Strategic fit	×	?	?	✓	✓	✓	?	×	×
Summary	Discounted	Discounted	Possible	Possible	Possible	Possible	Discounted	Discounted	Discounted

Options 3, 4, 5, and 6 could all demonstrate either a potential or direct fit with the Critical Success Factors, potential affordability and achievability, and fit with the Strategic Case. For that reason, these options remained in the process at this stage and were subject to scoring against the Critical Success Factors.

As shown above, Options 7, 8 and 9 were considered to be unable to achieve some or all of the Critical Success Factors, and were unable to demonstrate affordability, achievability or a fit with the Strategic Case. For that reason, these options were discounted at this stage and not subject to the detailed scoring against the Critical Success Factors.

While Options 1 (Do Nothing) and 2 (Status Quo) were also unable to show achievements or fit with the above criteria, these options are important comparators for the remainder of the Business Case process, particularly the Status Quo, against which any preferred option must be judged. For that reason, these options remained in the process at this stage and were subject to scoring against the Critical Success Factors.

2.5 Options appraisal

In order to provide a ranking of options, a scoring mechanism was developed by the project team. This mechanism provided a score of 0 (low)-5 (high) based on the potential ability of each option to deliver against the Critical Success Factor.

Each Critical Success Factor contained two categories against which options were scored (with the exception of CSF2, which was weighted by a factor of 2 to bring the available score in line with the other CSFs).

The outcome of the detailed scoring process is as follows:

Table 2.3 Summary of scoring process

	Option					
	1	2	3	4	5	6
	Do Nothing	Status Quo	Host SIC	Host UHI	Host NAFC	New College
CSF1	0	0	3	4	10	10
CSF2	2	8	8	10	10	10
CSF3	2	6	2	8	10	10
CSF4	0	5	8	6	10	10
CSF5	6	6	7	8.25	10	10
CSF6	2	2	5.5	7	9	9
TOTAL	12	27	33.5	43.25	59	59

The scoring process has shown that two options from the shortlist are clearly preferable. These are:

- Option 5 – ‘Host’ NAFC
- Option 6 – New College

The outcome of the Economic Case is that a preferred way forward for the Effective and Sustainable Tertiary Education, Research and Training in Shetland Project has been clearly identified. The preferred way forward is a merger of the tertiary education, research and training services outwith Shetland Islands Council, and the SOC has identified the two options which are most suitable to realise this merger.

The Strategic Outline Case therefore recommends that Option 5 (‘Host’ NAFC) and Option 6 (New College) be developed further in the Full Business Case.

3. THE COMMERCIAL CASE

3.1 Introduction

The purpose of the Commercial Case is to describe the proposed deal in relation to the preferred option outlined in the Economic Case.

3.2 Required services

The required service to be delivered as part of the proposed deal is a model for delivery of tertiary education, research and training in Shetland which:

- is financially sustainable
- incorporates a model of governance and management which is appropriate to local conditions and is fit-for-purpose
- delivers a high quality learning and training experience, maintaining and enhancing current quality standards
- delivers high quality research services to the benefit of local industry
- is responsive to local needs and delivers against strategic targets as identified in the Strategic Case
- is physically located in Shetland
- consists of a single consistent identity for the tertiary sector in Shetland
- is capable of delivering a clear business development and marketing strategy emphasising engagement and growth.

3.3 Potential for risk transfer

The general principle is that risks should be passed to the service best able to manage them, subject to value for money.

Risk transfer will be developed more fully in the Full Business Case.

Table 3.1 risk transfer matrix

Risk Category	Potential allocation		
	SIC	SFTCT	Other Stakeholder
1. Design risk			
2. Construction and development risk			
3. Transition and implementation risk			
4. Availability and performance risk			
5. Operating risk			
6. Variability of revenue risks			
7. Termination risks			
8. Technology and obsolescence risks			
9. Control risks			
10. Residual value risks			
11. Financing risks			
12. Legislative risks			

3.4 Proposed charging mechanisms

tbc

3.5 Proposed contract lengths

tbc

3.6 Personnel implications (including TUPE)

Personnel implications will be dependent on the preferred option and will be developed more fully in the Full Business Case.

TUPE – Transfer of Undertakings (Protection of Employment) Regulations 1981 will apply where the preferred option requires transfer of staff from one entity to another, be that an existing or new entity.

The recommendation to explore the preferred options of an entity outside of the Council means this is a significant and important part of the Full Business Case.

3.7 Procurement strategy and implementation timescales

Implementation milestones for the project are tbc.

4. THE FINANCIAL CASE

4.1 Introduction

The purpose of this section is to set out the forecast financial implications of the preferred option (as set out in the Economic Case) and the proposed deal (as described in the Commercial Case).

4.2 Impact on the organisation's income and expenditure account

The following table summarises the combined income and expenditure of Shetland College, Train Shetland and NAFC Marine Centre on the basis of the outturn for 2017/18. This summary provides the financial basis for the status quo options and identifies the funding deficit arising from existing arrangements.

Table 4.1 Summary of combined SC, NAFC and TS draft outturn 2017/18

INCOME	£000
Scottish Further Education Funding Council	2,618
Tuition Fees, Contracts & Grants	1,512
Research Grants and Contracts	925
Sale of Meals	62
Consultancy	89
Management & Service Fees	426
Other Income	512
Bank Interest	3
Total Income	6,147
EXPENDITURE	£000
Employee Costs	4,894
Premises Costs	1,314
Boats	10
Equipment & Materials	196
Operating Costs	873
Grants to Individuals/Organisations	9
Marketing	14
Professional and Financial Fees	447
Travel/Vehicle Expenses	151
Total Expenditure	7,908
Net Funding Surplus/(Deficit)	(1,761)

4.3 Overall affordability

The above financial summary demonstrates the resources required to maintain the status quo option. Affordability of the preferred option must be determined during development of the Full Business Case. See Step 6 – 'Ascertaining affordability and funding requirement.'

4.4 Comparison with Status Quo

To be undertaken following establishment of preferred options. See Step 6 – ‘Ascertaining affordability and funding requirement.’

5. THE MANAGEMENT CASE

5.1 Introduction

This section addresses the 'achievability' of the project; it sets out in more detail the actions that will be required to ensure the successful delivery of the project in accordance with best practice.

5.2 Project management arrangements

The project will be managed in accordance with PRINCE 2 methodology.

5.3 Project reporting structure

The reporting organisation and the reporting structure for the project are as follows:

Table 5.1 Project Board

Executive Officer	Director of Development Services
Project Team	
Project Manager	
Project Reviewer	

5.3.1 Project roles and responsibilities

These are as follows:

- Director of Development Services – is in charge of the project, will chair the board meetings and is responsible for defining the work required to complete the project. The role also requires obtaining the Chief Executive's approval for the preferred option and any changes to the SOC.
- Other roles tbc

5.3.2 Project plan

The Outline Project Plan below provides a broad outline of the development milestones for the Business Case process:

Table 5.2 Outline Project Plan

Milestone Activity	Timescale
Strategic Outline Case	
Agreement of Critical Success Factors and Long List of Options	May 2018
Development of Strategic Outline Case	May 2018
Stage 2/Full Business Case	
Selection of Preferred Option	21 May 2018
Undertake Economic Appraisals	May-Oct 2018
Identify achievability, affordability and management of proposed deal	
Full Business Case	Oct 2018
Full Implementation of Preferred Option	TBC

5.4 Outline arrangements for change and contract management

tbc

5.5 Outline arrangements for benefits realisation

tbc

5.6 Outline arrangements for risk management

tbc

5.7 Outline arrangements for post project evaluation

The outline arrangements for post implementation review (PIR) and project evaluation review (PER) have been established in accordance with best practice and are as follows.

5.7.1 Post implementation review (PIR)

The review will ascertain whether the anticipated tangible and intangible benefits have been delivered. The review will take place 12 months following full implementation of the preferred option.

5.7.2 Project evaluation reviews (PERs)

PERs appraise how well the project was managed and delivered compared with expectations and are timed to take place 6 months following full implementation of the preferred option.

5.7.3 Gateway review arrangements

Gateway 1 is to be scheduled for 21 May 2018.

5.8 Risk potential assessment

The impacts/risks associated with the project scored against the risk potential assessment (RPA) is Very High.

APPENDIX 2 – Long List

Option	Entity	Governance	Management	SC		Service delivery		TS		Retention of physical locations in Shetland	Staffing	Potential funding implications
1	Do Nothing	As per current arrangements	As per current arrangements	As per current arrangements; until cessation of temporary contracts, at which point posts are unfilled	As per current arrangements; potential/probable impacts from loss of temporary posts	As per current arrangements; potential/probable impacts from loss of temporary posts	As per current arrangements; potential/probable impacts from loss of temporary posts	As per current arrangements; potential/probable impacts from loss of temporary posts	As per current arrangements; potential/probable impacts from loss of temporary posts	Yes	Temporary contracts time out; other staffing as per existing arrangements	Withdrawal or reduction of SFC funding; continued draw on Council funding
2	Status Quo	As per current arrangements	As per current arrangements	As per current arrangements	As per current arrangements	As per current arrangements	As per current arrangements	As per current arrangements	As per current arrangements	Yes	Temporary contracts regularised; other staffing as per existing arrangements	Withdrawal or reduction of SFC funding; continued draw on Council funding
3	Create a single tertiary education, research and training centre within the Council (Host SIC)	Shetland College and Train Shetland remain as is; NAFC ceases trading as a charitable trust and is incorporated as part of the local authority.	Shetland College Board provide operational governance for whole sector, with strategic governance the responsibility of Education & Families Committee	Joint principal and senior management team established within SIC Development Directorate	As per current arrangements	As per current arrangements	As per current arrangements	As per current arrangements	As per current arrangements	Yes	Shetland College and Train Shetland staff as per current arrangements; NAFC Marine Centre staff transfer to Shetland Islands Council	Maintenance of SFC funding; continued draw on Council funding; taxation implications from wind-up of SFCCT
4	Create a single tertiary education, research and training centre within UHI (Host UHI)	Shetland College and Train Shetland transfer out of the local authority and into UHI. NAFC ceases trading as a charitable trust and is incorporated as part of UHI. All employment, assets, obligations and liabilities of the three services transfer to UHI.	Governance of sector moves to UHI	Joint principal and senior management team established within UHI	Delivery of services will be responsibility of UHI	Delivery of services will be responsibility of UHI	Delivery of services will be responsibility of UHI	Delivery of services will be responsibility of UHI	Delivery of services will be responsibility of UHI	Yes	All staff transfer to UHI	Maintenance of SFC funding; potential increase in funding from rural credits uplift; reduced draw on Council funding; tax implications from wind-up of SFCCT
5	Create a single independent tertiary education, research and training centre which is affiliated UHI (Host NAFC)	NAFC Marine Centre acts as the 'host' into which Shetland College and Train Shetland transfers - employment, assets, obligations and liabilities of these services transfer to NAFC. SFCCT Trust Deed amended to incorporate this change.	Independent governance arrangement, i.e. board of management, established	Joint principal and management team established by board of management	Opportunities for new income streams and increased revenue to be explored through business development and marketing strategies.	Opportunities for new income streams and increased revenue to be explored through business development and marketing strategies. Shared services, such as combining short course admin, MA co-ordination, and MA contracting will lead to efficiencies and opportunities to divert resources to business growth.	Opportunities for new income streams and increased revenue to be explored through business development and marketing strategies. Shared services, such as combining short course admin, MA co-ordination, and MA contracting will lead to efficiencies and opportunities to divert resources to business growth.	Opportunities for new income streams and increased revenue to be explored through business development and marketing strategies. Shared services, such as combining short course admin, MA co-ordination, and MA contracting will lead to efficiencies and opportunities to divert resources to business growth.	Opportunities for new income streams and increased revenue to be explored through business development and marketing strategies. Shared services, such as combining short course admin, MA co-ordination, and MA contracting will lead to efficiencies and opportunities to divert resources to business growth.	Yes	All staff transfer to 'host' organisation	Maintenance of SFC funding; potential increase in funding from rural credits uplift; reduced draw on Council funding.
6	Create a single independent tertiary education, research and training centre which is affiliated UHI (New College option)	Shetland College and Train Shetland transfer out of the local authority and into new independent organisation. NAFC ceases trading as a charitable trust and is incorporated as part of independent organisation. All employment, assets, obligations and liabilities of the three services transfer to new organisation.	Independent governance arrangement, i.e. board of management, established	Joint principal and management team established by board of management	Opportunities for new income streams and increased revenue to be explored through business development and marketing strategies.	Opportunities for new income streams and increased revenue to be explored through business development and marketing strategies. Shared services, such as combining short course admin, MA co-ordination, and MA contracting will lead to efficiencies and opportunities to divert resources to business growth.	Opportunities for new income streams and increased revenue to be explored through business development and marketing strategies. Shared services, such as combining short course admin, MA co-ordination, and MA contracting will lead to efficiencies and opportunities to divert resources to business growth.	Opportunities for new income streams and increased revenue to be explored through business development and marketing strategies. Shared services, such as combining short course admin, MA co-ordination, and MA contracting will lead to efficiencies and opportunities to divert resources to business growth.	Opportunities for new income streams and increased revenue to be explored through business development and marketing strategies. Shared services, such as combining short course admin, MA co-ordination, and MA contracting will lead to efficiencies and opportunities to divert resources to business growth.	Yes	All staff transfer to new organisation	Maintenance of SFC funding; potential increase in funding from rural credits uplift; reduced draw on Council funding.
7	Shetland College and Train Shetland remain within SIC as part of Education & Families Committee; NAFC Marine Centre remains as is	As per current arrangements	Operational and strategic governance of SC/TS taken on by Education & Families Committee; NAFC remains as per current arrangements	As per current arrangements	As per current arrangements	As per current arrangements	As per current arrangements	As per current arrangements	As per current arrangements	Yes	As per current arrangements	Withdrawal or reduction of SFC funding; continued draw on Council funding
8	Provide only minimum amount of tertiary education, research and training in Shetland	As per current arrangements	As per current arrangements	Joint principal post established; management team scaled to minimum delivery requirements	Courses which are deemed to be non-viable will be discontinued; no business development or marketing will be undertaken	Courses which are deemed to be non-viable will be discontinued; no business development or marketing will be undertaken; short courses will be provided only in service of internal Council requirements; research will be based on requirements to deliver on Marine Spatial Planning only.	Courses which are deemed to be non-viable will be discontinued; no business development or marketing will be undertaken; short courses will be provided only in service of internal Council requirements; research will be based on requirements to deliver on Marine Spatial Planning only.	Courses which are deemed to be non-viable will be discontinued; no business development or marketing will be undertaken; short courses will be provided only in service of internal Council requirements; research will be based on requirements to deliver on Marine Spatial Planning only.	Courses which are deemed to be non-viable will be discontinued; no business development or marketing will be undertaken; short courses will be provided only in service of internal Council requirements; research will be based on requirements to deliver on Marine Spatial Planning only.	Yes	Redundancy/redeployment required for a number of staff as services reduce or are discontinued; temporary contracts time out.	Withdrawal or reduction of SFC funding; continued draw on Council funding; reduced income from service delivery
9	Provide no tertiary education, research and training in Shetland	Shetland College and Train Shetland restructured out of SIC. Funding to NAFC discontinued	None (SC/TS). NAFC as per current arrangements	None (SC/TS). NAFC as per current arrangements	Cessation of all service delivery	Service delivery scaled to take into account withdrawal of SIC funding	Cessation of all service delivery	Cessation of all service delivery	Cessation of all service delivery	No (SC/TS). Yes (NAFC)	Redundancy/redeployment required for all staff as services are discontinued	Withdrawal of SFC funding; continued draw on Council funding; continued draw on Council funding; no or reduced income from service delivery.

Option 1 - Do Nothing							
CSF 1	Develop a financially sustainable model for delivery of tertiary education, research and training in Shetland						
	Points Allocation Info	0	1	2	3	4	5
a	Establish the most cost effective way to deliver the services in Shetland:	No positive benefits					Positive benefits accrued after 1 year
	Demonstrates net positive benefits	0					
b	Reduce the level of annual subsidy from Shetland Islands Council	Increase or no change in annual Council subsidy	1%-20% decrease in Council subsidy	21%-40% decrease in Council subsidy	41%-75% decrease in Council subsidy	76%-99% decrease in Council subsidy	No subsidy required
	Impact on Council subsidy at Year 1	0					
CSF 2	Maintain and enhance quality standards in all aspects of service delivery						
	Points Allocation Info	0	1	2	3	4	5
c	Ensure the ability of services to meet quality requirements set by government and service delivery partners:	No service delivery	Inability to deliver on quality standards and requirements of service delivery partners	Measureable impacts on ability to deliver on quality standards and requirements of service delivery partners		Status quo	Capacity to exceed requirements set by government and service delivery partners and deliver ongoing and sustained quality improvements
	Impact on quality standards and ability to meet requirements		1				
CSF 3	Maximise future income						
	Points Allocation Info	0	1	2	3	4	5
d	Ability to achieve income targets from students, learners, research and business services	No income	No ability to meet income targets		Ability to achieve income, but likely to fall short of targets		Fully able to meet income targets and grow business
	Ability to achieve targets		1				
e	Ability to respond quickly to income generating activity	No response	Lack of effective response		Can respond in good time, but potential to be hampered by decision-making structure		Ability to respond quickly and effectively to income generating activity
	Impact on responsiveness		1				
CSF 4	Commit to a single clear, consistent and effective voice for the tertiary education, research and training sector in Shetland						
	Points Allocation Info	0	1	2	3	4	5
f	Develop a targeted business development and marketing strategy for the sector, with clear targets for growth and engagement:	No business development and marketing strategy for colleges sector	Minimal reference to business development and marketing strategy	Business development and marketing strategy remains separated between services, with no overall resource management	Business development and marketing strategy developed with minimal resources	Business development and marketing strategy for colleges sector with staffing resources	Business development and marketing strategy for colleges sector, fully resourced with strategic direction from senior management team. Development of strong independent brand.
	Impact on business development and marketing	0					
g	One clear, strong and focused voice at regional and national tables:	No regional presence	Inability to articulate clear regional voice due to lack of overall strategic direction and management resource	Regional voice articulated but not directed in service of single, defined college sector in Shetland	Status quo	Ability to fully articulate needs of Shetland at regional level with clear strategic goals for whole sector	Ability to fully articulate needs of Shetland at regional level with clear strategy goals for whole sector, and influence regional development
	Impact on regional voice and presence	0					
CSF 5	Maintain local tertiary education, research and training presence, and build strong relationships with resource enablers and strategic partners						
	Points Allocation Info	0	1	2	3	4	5
h	Maintain physical presence in Shetland:	No					Yes
	College campus in Shetland						5
	Modern Apprenticeships co-ordinated in Shetland						5
	Individuals and business can access training facilities at locations in Shetland						5
	Research facilities supporting industry are located and provided in Shetland						5
	Impact on access to tertiary education, research and training in Shetland	5					
i	Build strong relationships with external organisations vital to the successful delivery of services:	No relationships with relevant external organisations	Negative impacts on relationships with external organisations	Minimal relationships with external organisations	Status quo	Capacity to enhance local impacts through the development of services through improved strategic relationships	Capacity to deliver significant local impacts through the development of services through improved strategic relationships and influence policy development
	Impact on relationships with external organisations and service delivery partners		1				
CSF 6	Simplify governance arrangements, and establish effective management structure						
	Points Allocation Info	0	1	2	3	4	5
j	Ensure effective management structure:	No management	No clear management structure		Management structure as per status quo		Fully resourced management structure appropriate for the scale of the sector and strategic requirements, with capacity to attract key talent to local sector
	Impact on management structure		1				
k	Develop simplified governance structure for the sector:						
		No decision-making	Length of committee cycle (6-8 weeks)		Departmental meeting cycle (2-4 weeks)		Decision-making is appropriate to due consideration of spending and strategic proposals - instantaneous decisions can be made where desirable
	Average length of time taken for decision-making		1				
		No decision-making	4 or more bodies involved in decision making		3 or more bodies involved in decision-making		Decision-making comprised of SMT and board of management
	Number of different bodies involved in strategic/operational decision-making		1				
	Impact on governance structure	1					

Option 2 - Status Quo							
CSF 1	Develop a financially sustainable model for delivery of tertiary education, research and training in Shetland						
	Points Allocation Info	0	1	2	3	4	5
a	Establish the most cost effective way to deliver the services in Shetland:	No positive benefits					Positive benefits accrued after 1 year
	Demonstrates net positive benefits	0					
b	Reduce the level of annual subsidy from Shetland Islands Council	Increase or no change in annual Council subsidy	1%-20% decrease in Council subsidy	21%-40% decrease in Council subsidy	41%-75% decrease in Council subsidy	76%-99% decrease in Council subsidy	No subsidy required
	Impact on Council subsidy at Year 1	0					
CSF 2	Maintain and enhance quality standards in all aspects of service delivery						
	Points Allocation Info	0	1	2	3	4	5
c	Ensure the ability of services to meet quality requirements set by government and service delivery partners:	No service delivery	Inability to deliver on quality standards and requirements of service delivery partners	Measureable impacts on ability to deliver on quality standards and requirements of service delivery partners		Status quo	Capacity to exceed requirements set by government and service delivery partners and deliver ongoing and sustained quality improvements
	Impact on quality standards and ability to meet requirements					4	
CSF 3	Maximise future income						
	Points Allocation Info	0	1	2	3	4	5
d	Ability to achieve income targets from students, learners, research and business services	No income	No ability to meet income targets		Ability to achieve income, but likely to fall short of targets		Fully able to meet income targets and grow business
	Ability to achieve targets				3		
e	Ability to respond quickly to income generating activity	No response	Lack of effective response		Can respond in good time, but potential to be hampered by decision-making structure		Ability to respond quickly and effectively to income generating activity
	Impact on responsiveness				3		
CSF 4	Commit to a single clear, consistent and effective voice for the tertiary education, research and training sector in Shetland						
	Points Allocation Info	0	1	2	3	4	5
f	Develop a targeted business development and marketing strategy for the sector, with clear targets for growth and engagement:	No business development and marketing strategy for colleges sector	Minimal reference to business development and marketing strategy	Business development and marketing strategy remains separated between services, with no overall resource management	Business development and marketing strategy developed with minimal resources	Business development and marketing strategy for colleges sector with staffing resources	Business development and marketing strategy for colleges sector, fully resourced with strategic direction from senior management team. Development of strong independent brand.
	Impact on business development and marketing			2			
g	One clear, strong and focused voice at regional and national tables:	No regional presence	Inability to articulate clear regional voice due to lack of overall strategic direction and management resource	Regional voice articulated but not directed in service of single, defined college sector in Shetland	Status quo	Ability to fully articulate needs of Shetland at regional level with clear strategic goals for whole sector	Ability to fully articulate needs of Shetland at regional level with clear strategy goals for whole sector, and influence regional development
	Impact on regional voice and presence				3		
CSF 5	Maintain a local presence, and build strong relationships with resource enablers and strategic partners						
	Points Allocation Info	0	1	2	3	4	5
h	Maintain physical presence in Shetland:	No					Yes
	College campus in Shetland						5
	Modern Apprenticeships co-ordinated in Shetland						5
	Individuals and business can access training facilities at locations in Shetland						5
	Research facilities supporting industry are located and provided in Shetland						5
	Impact on access to tertiary education, research and training in Shetland	5					
i	Build strong relationships with external organisations vital to the successful delivery of services:	No relationships with relevant external organisations	Negative impacts on relationships with external organisations	Minimal relationships with external organisations	Status quo	Capacity to enhance local impacts through the development of services through improved strategic relationships	Capacity to deliver significant local impacts through the development of services through improved strategic relationships and influence policy development
	Impact on relationships with external organisations and service delivery partners		1				
CSF 6	Simplify governance arrangements, and establish effective management structure						
	Points Allocation Info	0	1	2	3	4	5
j	Ensure effective management structure:	No management	No clear management structure		Management structure as per status quo		Fully resourced management structure appropriate for the scale of the sector and strategic requirements, with capacity to attract key talent to local sector
	Impact on management structure		1				
k	Develop simplified governance structure for the sector:						
		No decision-making	Length of committee cycle (6-8 weeks)		Departmental meeting cycle (2-4 weeks)		Decision-making is appropriate to due consideration of spending and strategic proposals - instantaneous decisions can be made where desirable
	Average length of time taken for decision-making		1				
		No decision-making	4 or more bodies involved in decision making		3 or more bodies involved in decision-making		Decision-making comprised of SMT and board of management
	Number of different bodies involved in strategic/operational decision-making		1				
	Impact on governance structure	1					

Option 3 - 'Host' SIC							
CSF 1	Develop a financially sustainable model for delivery of tertiary education, research and training in Shetland						
	Points Allocation Info	0	1	2	3	4	5
a	Establish the most cost effective way to deliver the services in Shetland:	No positive benefits					Positive benefits accrued after 1 year
	Demonstrates net positive benefits	0					
b	Reduce the level of annual subsidy from Shetland Islands Council	Increase or no change in annual Council subsidy	1%-20% decrease in Council subsidy	21%-40% decrease in Council subsidy	41%-75% decrease in Council subsidy	76%-99% decrease in Council subsidy	No subsidy required
	Impact on Council subsidy at Year 1				3		
CSF 2	Maintain and enhance quality standards in all aspects of service delivery						
	Points Allocation Info	0	1	2	3	4	5
c	Ensure the ability of services to meet quality requirements set by government and service delivery partners:	No service delivery	Inability to deliver on quality standards and requirements of service delivery partners	Measureable impacts on ability to deliver on quality standards and requirements of service delivery partners		Status quo	Capacity to exceed requirements set by government and service delivery partners and deliver ongoing and sustained quality improvements
	Impact on quality standards and ability to meet requirements					4	
CSF 3	Maximise future income						
	Points Allocation Info	0	1	2	3	4	5
d	Ability to achieve income targets from students, learners, research and business services	No income	No ability to meet income targets		Ability to achieve income, but likely to fall short of targets		Fully able to meet income targets and grow business
	Ability to achieve targets		1				
e	Ability to respond quickly to income generating activity	No response	Lack of effective response		Can respond in good time, but potential to be hampered by decision-making structure		Ability to respond quickly and effectively to income generating activity
	Impact on responsiveness		1				
CSF 4	Commit to a single clear, consistent and effective voice for the tertiary education, research and training sector in Shetland						
	Points Allocation Info	0	1	2	3	4	5
f	Develop a targeted business development and marketing strategy for the sector, with clear targets for growth and engagement:	No business development and marketing strategy for colleges sector	Minimal reference to business development and marketing strategy	Business development and marketing strategy remains separated between services, with no overall resource management	Business development and marketing strategy developed with minimal resources	Business development and marketing strategy for colleges sector with staffing resources	Business development and marketing strategy for colleges sector, fully resourced with strategic direction from senior management team. Development of strong independent brand.
	Impact on business development and marketing					4	
g	One clear, strong and focused voice at regional and national tables:	No regional presence	Inability to articulate clear regional voice due to lack of overall strategic direction and management resource	Regional voice articulated but not directed in service of single, defined college sector in Shetland	Status quo	Ability to fully articulate needs of Shetland at regional level with clear strategic goals for whole sector	Ability to fully articulate needs of Shetland at regional level with clear strategy goals for whole sector, and influence regional development
	Impact on regional voice and presence					4	
CSF 5	Maintain a local presence, and build strong relationships with resource enablers and strategic partners						
	Points Allocation Info	0	1	2	3	4	5
h	Maintain physical presence in Shetland:	No					Yes
	College campus in Shetland						5
	Modern Apprenticeships co-ordinated in Shetland						5
	Individuals and business can access training facilities at locations in Shetland						5
	Research facilities supporting industry are located and provided in Shetland						5
	Impact on access to tertiary education, research and training in Shetland	5					
i	Build strong relationships with external organisations vital to the successful delivery of services:	No relationships with relevant external organisations	Negative impacts on relationships with external organisations	Minimal relationships with external organisations	Status quo	Capacity to enhance local impacts through the development of services through improved strategic relationships	Capacity to deliver significant local impacts through the development of services through improved strategic relationships and influence policy development
	Impact on relationships with external organisations and service delivery partners			2			
CSF 6	Simplify governance arrangements, and establish effective management structure						
	Points Allocation Info	0	1	2	3	4	5
j	Ensure effective management structure:	No management	No clear management structure		Management structure as per status quo		Fully resourced management structure appropriate for the scale of the sector and strategic requirements, with capacity to attract key talent to local sector
	Impact on management structure					4	
k	Develop simplified governance structure for the sector:						
		No decision-making	Length of committee cycle (6-8 weeks)		Departmental meeting cycle (2-4 weeks)		Decision-making is appropriate to due consideration of spending and strategic proposals - instantaneous decisions can be made where desirable
	Average length of time taken for decision-making		1				
		No decision-making	4 or more bodies involved in decision making		3 or more bodies involved in decision-making		Decision-making comprised of SMT and board of management
	Number of different bodies involved in strategic/operational decision-making			2			
Impact on governance structure		1.5					

Option 4 - 'Host' UHI							
CSF 1	Develop a financially sustainable model for delivery of tertiary education, research and training in Shetland						
	Points Allocation Info	0	1	2	3	4	5
a	Establish the most cost effective way to deliver the services in Shetland:	No positive benefits					Positive benefits accrued after 1 year
	Demonstrates net positive benefits	0					
b	Reduce the level of annual subsidy from Shetland Islands Council	Increase or no change in annual Council subsidy	1%-20% decrease in Council subsidy	21%-40% decrease in Council subsidy	41%-75% decrease in Council subsidy	76%-99% decrease in Council subsidy	No subsidy required
	Impact on Council subsidy at Year 1					4	
CSF 2	Maintain and enhance quality standards in all aspects of service delivery						
	Points Allocation Info	0	1	2	3	4	5
c	Ensure the ability of services to meet quality requirements set by government and service delivery partners:	No service delivery	Inability to deliver on quality standards and requirements of service delivery partners	Measureable impacts on ability to deliver on quality standards and requirements of service delivery partners		Status quo	Capacity to exceed requirements set by government and service delivery partners and deliver ongoing and sustained quality improvements
	Impact on quality standards and ability to meet requirements						5
CSF 3	Maximise future income						
	Points Allocation Info	0	1	2	3	4	5
d	Ability to achieve income targets from students, learners, research and business services	No income	No ability to meet income targets		Ability to achieve income, but likely to fall short of targets		Fully able to meet income targets and grow business
	Ability to achieve targets						5
e	Ability to respond quickly to income generating activity	No response	Lack of effective response		Can respond in good time, but potential to be hampered by decision-making structure		Ability to respond quickly and effectively to income generating activity
	Impact on responsiveness				3		
CSF 4	Commit to a single clear, consistent and effective voice for the tertiary education, research and training sector in Shetland						
	Points Allocation Info	0	1	2	3	4	5
f	Develop a targeted business development and marketing strategy for the sector, with clear targets for growth and engagement:	No business development and marketing strategy for colleges sector	Minimal reference to business development and marketing strategy	Business development and marketing strategy remains separated between services, with no overall resource management	Business development and marketing strategy developed with minimal resources	Business development and marketing strategy for colleges sector with staffing resources	Business development and marketing strategy for colleges sector, fully resourced with strategic direction from senior management team. Development of strong independent brand.
	Impact on business development and marketing					4	
g	One clear, strong and focused voice at regional and national tables:	No regional presence	Inability to articulate clear regional voice due to lack of overall strategic direction and management resource	Regional voice articulated but not directed in service of single, defined college sector in Shetland	Status quo	Ability to fully articulate needs of Shetland at regional level with clear strategic goals for whole sector	Ability to fully articulate needs of Shetland at regional level with clear strategy goals for whole sector, and influence regional development
	Impact on regional voice and presence			2			
CSF 5	Maintain a local presence, and build strong relationships with resource enablers and strategic partners						
	Points Allocation Info	0	1	2	3	4	5
h	Maintain physical presence in Shetland:	No					Yes
	College campus in Shetland					4	
	Modern Apprenticeships co-ordinated in Shetland				3		
	Individuals and business can access training facilities at locations in Shetland						5
	Research facilities supporting industry are located and provided in Shetland						5
	Impact on access to tertiary education, research and training in Shetland	4.25					
i	Build strong relationships with external organisations vital to the successful delivery of services:	No relationships with relevant external organisations	Negative impacts on relationships with external organisations	Minimal relationships with external organisations	Status quo	Capacity to enhance local impacts through the development of services through improved strategic relationships	Capacity to deliver significant local impacts through the development of services through improved strategic relationships and influence policy development
	Impact on relationships with external organisations and service delivery partners					4	
CSF 6	Simplify governance arrangements, and establish effective management structure						
	Points Allocation Info	0	1	2	3	4	5
j	Ensure effective management structure:	No management	No clear management structure		Management structure as per status quo		Fully resourced management structure appropriate for the scale of the sector and strategic requirements, with capacity to attract key talent to local sector
	Impact on management structure						5
k	Develop simplified governance structure for the sector:						
		No decision-making	Length of committee cycle (6-8 weeks)		Departmental meeting cycle (2-4 weeks)		Decision-making is appropriate to due consideration of spending and strategic proposals - instantaneous decisions can be made where desirable
	Average length of time taken for decision-making		1				
		No decision-making	4 or more bodies involved in decision making		3 or more bodies involved in decision-making		Decision-making comprised of SMT and board of management
	Number of different bodies involved in strategic/operational decision-making				3		
	Impact on governance structure	2					

Option 5 - 'Host' NAFC							
CSF 1	Develop a financially sustainable model for delivery of tertiary education, research and training in Shetland						
	Points Allocation Info	0	1	2	3	4	5
a	Establish the most cost effective way to deliver the services in Shetland:	No positive benefits					Positive benefits accrued after 1 year
	Demonstrates net positive benefits						5
b	Reduce the level of annual subsidy from Shetland Islands Council	Increase or no change in annual Council subsidy	1%-20% decrease in Council subsidy	21%-40% decrease in Council subsidy	41%-75% decrease in Council subsidy	76%-99% decrease in Council subsidy	No subsidy required
	Impact on Council subsidy at Year 1						5
CSF 2	Maintain and enhance quality standards in all aspects of service delivery						
	Points Allocation Info	0	1	2	3	4	5
c	Ensure the ability of services to meet quality requirements set by government and service delivery partners:	No service delivery	Inability to deliver on quality standards and requirements of service delivery partners	Measureable impacts on ability to deliver on quality standards and requirements of service delivery partners		Status quo	Capacity to exceed requirements set by government and service delivery partners and deliver ongoing and sustained quality improvements
	Impact on quality standards and ability to meet requirements						5
CSF 3	Maximise future income						
	Points Allocation Info	0	1	2	3	4	5
d	Ability to achieve income targets from students, learners, research and business services	No income	No ability to meet income targets		Ability to achieve income, but likely to fall short of targets		Fully able to meet income targets and grow business
	Ability to achieve targets						5
e	Ability to respond quickly to income generating activity	No response	Lack of effective response		Can respond in good time, but potential to be hampered by decision-making structure		Ability to respond quickly and effectively to income generating activity
	Impact on responsiveness						5
CSF 4	Commit to a single clear, consistent and effective voice for the tertiary education, research and training sector in Shetland						
	Points Allocation Info	0	1	2	3	4	5
f	Develop a targeted business development and marketing strategy for the sector, with clear targets for growth and engagement:	No business development and marketing strategy for colleges sector	Minimal reference to business development and marketing strategy	Business development and marketing strategy remains separated between services, with no overall resource management	Business development and marketing strategy developed with minimal resources	Business development and marketing strategy for colleges sector with staffing resources	Business development and marketing strategy for colleges sector, fully resourced with strategic direction from senior management team. Development of strong independent brand.
	Impact on business development and marketing						5
g	One clear, strong and focused voice at regional and national tables:	No regional presence	Inability to articulate clear regional voice due to lack of overall strategic direction and management resource	Regional voice articulated but not directed in service of single, defined college sector in Shetland	Status quo	Ability to fully articulate needs of Shetland at regional level with clear strategic goals for whole sector	Ability to fully articulate needs of Shetland at regional level with clear strategy goals for whole sector, and influence regional development
	Impact on regional voice and presence						5
CSF 5	Maintain a local presence, and build strong relationships with resource enablers and strategic partners						
	Points Allocation Info	0	1	2	3	4	5
h	Maintain physical presence in Shetland:	No					Yes
	College campus in Shetland						5
	Modern Apprenticeships co-ordinated in Shetland						5
	Individuals and business can access training facilities at locations in Shetland						5
	Research facilities supporting industry is located and provided in Shetland						5
	Impact on access to tertiary education, research and training in Shetland	5					
i	Build strong relationships with external organisations vital to the successful delivery of services:	No relationships with relevant external organisations	Negative impacts on relationships with external organisations	Minimal relationships with external organisations	Status quo	Capacity to enhance local impacts through the development of services through improved strategic relationships	Capacity to deliver significant local impacts through the development of services through improved strategic relationships and influence policy development
	Impact on relationships with external organisations and service delivery partners						5
CSF 6	Simplify governance arrangements, and establish effective management structure						
	Points Allocation Info	0	1	2	3	4	5
j	Ensure effective management structure:	No management	No clear management structure		Management structure as per status quo		Fully resourced management structure appropriate for the scale of the sector and strategic requirements, with capacity to attract key talent to local sector
	Impact on management structure						5
k	Develop simplified governance structure for the sector:						
		No decision-making	Length of committee cycle (6-8 weeks)		Departmental meeting cycle (2-4 weeks)		Decision-making is appropriate to due consideration of spending and strategic proposals - instantaneous decisions can be made where desirable
	Average length of time taken for decision-making				3		
		No decision-making	4 or more bodies involved in decision making		3 or more bodies involved in decision-making		Decision-making comprised of SMT and board of management
	Number of different bodies involved in strategic/operational decision-making						5
	Impact on governance structure	4					

Option 6 - New College							
CSF 1	Develop a financially sustainable model for delivery of tertiary education, research and training in Shetland						
	Points Allocation Info	0	1	2	3	4	5
a	Establish the most cost effective way to deliver the services in Shetland:	No positive benefits over lifetime of project	Positive benefits accrued after 10 years or more	Positive benefits accrued after 7 years	Positive benefits accrued after 5 years	Positive benefits accrued after 2 years	Positive benefits accrued after 1 year
	Demonstrates net positive benefits						5
b	Reduce the level of annual subsidy from Shetland Islands Council	Increase or no change in annual Council subsidy	1%-20% decrease in Council subsidy	21%-40% decrease in Council subsidy	41%-75% decrease in Council subsidy	76%-99% decrease in Council subsidy	No subsidy required
	Impact on Council subsidy at Year 1						5
CSF 2	Maintain and enhance quality standards in all aspects of service delivery						
	Points Allocation Info	0	1	2	3	4	5
c	Ensure the ability of services to meet quality requirements set by government and service delivery partners:	No service delivery	Inability to deliver on quality standards and requirements of service delivery partners	Measureable impacts on ability to deliver on quality standards and requirements of service delivery partners		Status quo	Capacity to exceed requirements set by government and service delivery partners and deliver ongoing and sustained quality improvements
	Impact on quality standards and ability to meet requirements						5
CSF 3	Maximise future income						
	Points Allocation Info	0	1	2	3	4	5
d	Ability to achieve income targets from students, learners, research and business services	No income	No ability to meet income targets		Ability to achieve income, but likely to fall short of targets		Fully able to meet income targets and grow business
	Ability to achieve targets						5
e	Ability to respond quickly to income generating activity	No response	Lack of effective response		Can respond in good time, but potential to be hampered by decision-making structure		Ability to respond quickly and effectively to income generating activity
	Impact on responsiveness						5
CSF 4	Commit to a single clear, consistent and effective voice for the tertiary education, research and training sector in Shetland						
	Points Allocation Info	0	1	2	3	4	5
f	Develop a targeted business development and marketing strategy for the sector, with clear targets for growth and engagement:	No business development and marketing strategy for colleges sector	Minimal reference to business development and marketing strategy	Business development and marketing strategy remains separated between services, with no overall resource management	Business development and marketing strategy developed with minimal resources	Business development and marketing strategy for colleges sector with staffing resources	Business development and marketing strategy for colleges sector, fully resourced with strategic direction from senior management team. Development of strong independent brand.
	Impact on business development and marketing						5
g	One clear, strong and focused voice at regional and national tables:	No regional presence	Inability to articulate clear regional voice due to lack of overall strategic direction and management resource	Regional voice articulated but not directed in service of single, defined college sector in Shetland	Status quo	Ability to fully articulate needs of Shetland at regional level with clear strategic goals for whole sector	Ability to fully articulate needs of Shetland at regional level with clear strategy goals for whole sector, and influence regional development
	Impact on regional voice and presence						5
CSF 5	Maintain a local presence, and build strong relationships with resource enablers and strategic partners						
	Points Allocation Info	0	1	2	3	4	5
h	Maintain physical presence in Shetland:	No					Yes
	College campus in Shetland						5
	Modern Apprenticeships co-ordinated in Shetland						5
	Individuals and business can access training facilities at locations in Shetland						5
	Research facilities supporting industry are located and provided in Shetland						5
	Impact on access to tertiary education, research and training in Shetland	5					
i	Build strong relationships with external organisations vital to the successful delivery of services:	No relationships with relevant external organisations	Negative impacts on relationships with external organisations	Minimal relationships with external organisations	Status quo	Capacity to enhance local impacts through the development of services through improved strategic relationships	Capacity to deliver significant local impacts through the development of services through improved strategic relationships and influence policy development
	Impact on relationships with external organisations and service delivery partners						5
CSF 6	Simplify governance arrangements, and establish effective management structure						
	Points Allocation Info	0	1	2	3	4	5
j	Ensure effective management structure:	No management	No clear management structure		Management structure as per status quo		Fully resourced management structure appropriate for the scale of the sector and strategic requirements, with capacity to attract key talent to local sector
	Impact on management structure						5
k	Develop simplified governance structure for the sector:						
		No decision-making	Length of committee cycle (6-8 weeks)		Departmental meeting cycle (2-4 weeks)		Decision-making is appropriate to due consideration of spending and strategic proposals - instantaneous decisions can be made where desirable
	Average length of time taken for decision-making				3		
		No decision-making	4 or more bodies involved in decision making		3 or more bodies involved in decision-making		Decision-making comprised of SMT and board of management
	Number of different bodies involved in strategic/operational decision-making						5
	Impact on governance structure	4					

APPENDIX 4 – Financial Projections (Anticipated Annual Budget)

Income and Expenditure Review	Outturn for	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
	Annual Costs for Sector* £000						
Employee Costs	4,894	4,854	4,894	4,594	4,594	4,594	4,594
Premises Costs	1,314	1,314	1,314	744	534	534	534
Boats	10	10	10	10	10	10	10
Equipment & Materials	196	146	196	196	196	196	196
Operating Costs	873	437	873	773	773	773	773
Grants to Individuals/Organisations	9		9	9	9	9	9
Marketing	14	10	14	40	40	40	40
Professional and Financial Fees	447	447	447	247	297	249	249
Travel/Vehicle Expenses	151	76	151	156	176	156	156
VAT Cost					200	200	200
TOTAL EXPENDITURE	7,908	7,293	7,908	6,769	6,829	6,761	6,761
Scottish Further Education Funding Council	2,618		2,618	2,693	2,993	2,993	2,993
Tuition Fees, Contracts & Grants	1,512	750	1,512	1,521	1,710	1,782	1,782
Research Grants and Contracts	925	925	925	463	1,018	1,018	1,018
Sale of Meals	62		62	70	70	70	70
Consultancy	89	89	89	80	93	89	89
Management & Service Fees	426	85	426	400	400	400	400
Other Income	512	384	512	512	538	538	538
Bank Interest	3	2	3	6	7	7	7
VAT Reclaim				83			
TOTAL INCOME	6,147	2,235	6,147	5,828	6,828	6,896	6,896
Surplus / (Deficit)	(1,761)	(5,058)	(1,761)	(942)	(1)	135	135
* Estimated Outturns for 2017/18 have been amended as follows:							
NAFC - Residential Accommodation I&E has been removed							
Transactions relating to previous years have been excluded							

APPENDIX 5 – Financial Assumptions

Income and Expenditure	Option 1 Do Nothing	Option 2 Status Quo	Option 3 Host - SIC
Employee Costs	Less - £40k cessation of temporary contracts	Status Quo	Less - £300k staff rationalisation
Premises Costs	Status Quo	Status Quo	Less - £150k efficiency & £515k lease costs; add NAFC rates £95k = Less £570k
Boats	Status Quo	Status Quo	Status Quo
Equipment & Materials	Less - £50k FE/HE related	Status Quo	Status Quo
Operating Costs	Less - 50% FE/HE related	Status Quo	Less - 5% efficiency & internal services
Grants to Individuals/Organisations	Ceases	Status Quo	Status Quo
Marketing	Reduce - £10k	Status Quo	Increase - £40k
Professional and Financial Fees	Status Quo	Status Quo	Less - £200k NAFC fees
Travel/Vehicle Expenses	Less 50% FE/HE related	Status Quo	Add - £5k Lerwick/Scalloway commuting
Scottish Further Education Funding Council	Ceases	Status Quo	Add - £75k Growth in students
Tuition Fees, Contracts & Grants	Reduce - £750k Short Courses & MAs only	Status Quo	Less - 30% NAFC Lecturing conditions & impact on commercial abilities, Add - £217k business training needs
Research Grants and Contracts	Status Quo	Status Quo	Less - 50% ability to commercially tender for research compromised
Sale of Meals	Ceases	Status Quo	Increase - 70k
Consultancy	Status Quo	Status Quo	Less - 10% Commercial independence compromised
Management & Service Fees	Less - 80% Temp arrangements time out, SDS contract ceases	Status Quo	Reduce - £400k Additional funding for MAs & some services now internal
Other Income	Less - 25%	Status Quo	Status Quo
Bank Interest	Pro Rata on income	Status Quo	Pro Rata on income
Additonal Considerations			NAFC VAT - £83k Income (additional reclaim)

APPENDIX 5 – Financial Assumptions

Income and Expenditure	Option 4	Option 5	Option 6
	Host - UHI	Host - NAFC	New
Employee Costs	Less - £300k staff rationalisation	Less - £300k staff rationalisation	Less - £300k staff rationalisation
Premises Costs	Less - £150k efficiency, £115k SC rates & £515k lease costs = Less £780k	Less - £150k efficiency, £115k SC rates & £515k lease costs = Less £780k	Less - £150k efficiency, £115k SC rates & £515k lease costs = Less £780k
Boats	Status Quo	Status Quo	Status Quo
Equipment & Materials	Status Quo	Status Quo	Status Quo
Operating Costs	Less - 5% efficiency & internal services	Less - 5% efficiency & internal services	Less - 5% efficiency & internal services
Grants to Individuals/Organisations	Status Quo	Status Quo	Status Quo
Marketing	Increase - £40k	Increase - £40k	Increase - £40k
Professional and Financial Fees	Less - £200k NAFC fees, Add - £50k UHI costs	Less - £248k SIC costs, Add - £50k NAFC fees	Less - £248k SIC costs, Add - £50k NAFC fees
Travel/Vehicle Expenses	Add - £25k regional travel & Lerwick/Scalloway commuting	Add - £5k Lerwick/Scalloway commuting	Add - £5k Lerwick/Scalloway commuting
Scottish Further Education Funding Council	Add - £375k Rural Uplift & Growth in students	Add - £375k Rural Uplift & Growth in students	Add - £375k Rural Uplift & Growth in students
Tuition Fees, Contracts & Grants	Less - 10% NAFC Lecturing conditions, Add - £217k business training needs, £50k SIC income (currently not charged)	Less - 10% NAFC Lecturing conditions, Add - 5% improved commercial abilities, £217k business training needs, £50k SIC income (currently not charged)	Less - 10% NAFC Lecturing conditions, Add - 5% improved commercial abilities, £217k business training needs, £50k SIC income (currently not charged)
Research Grants and Contracts	Add - 10% improved commercial abilities	Add - 10% improved commercial abilities	Add - 10% improved commercial abilities
Sale of Meals	Increase - 70k	Increase - 70k	Increase - 70k
Consultancy	Add - 5% UHI support	Status Quo	Status Quo
Management & Service Fees	Reduce - £400k Additional funding for MAs & some services now internal	Reduce - £400k Additional funding for MAs & some services now internal	Reduce - £400k Additional funding for MAs & some services now internal
Other Income	Add - 5%	Add - 5%	Add - 5%
Bank Interest	Pro Rata on income	Pro Rata on income	Pro Rata on income
Additonal Considerations	SIC VAT - £200k Cost (assuming recovery of 5% of VAT following transfer to organisation without special VAT status)	SIC VAT - £200k Cost (assuming recovery of 5% of VAT following transfer to organisation without special VAT status)	SIC VAT - £200k Cost (assuming recovery of 5% of VAT following transfer to organisation without special VAT status)