

Committee	Finance and General Purposes Committee		
Date paper prepared	15/11/2021	Date of committee meeting	01/12/2021
Subject	Textile Facilitation Unit – Business Justification Case		
Author	Brendan Hall, Business Development and Projects Officer		
Action requested	For approval		
Purpose of the paper	Business Case		
Brief summary of the paper	A Business Justification Case is presented regarding a Business Review of the Shetland UHI Textiles Facilitation Unit (TFU). A preferred option for next steps is put forward for approval by the Committee.		
Consultation	The BJC was prepared with input from the Textile Technician, Senior Lecturer Cultural Studies and Director of the Centre for Islands Creativity		
Resource implications	Preferred option will require considerable input from Business Development and Projects Officer, Textile Technician and Director, Centre for Islands Creativity		
Risk implications	<p>Staffing issues leading to a lack of ability to maintain a functional service</p> <p>Reduction in student numbers if access to TFU reduced or removed</p> <p>Reduction of service leading to business/industry impacts</p> <p>Reputational impacts on Shetland UHI</p> <p>Overinvestment due to lack of market research</p>		

Link with strategy	The TFU is a key resource in helping to deliver the 'Enterprise' Pillar of Shetland UHI's Strategic Plan 2021-25
Equality, Diversity and Inclusion	N/A
Island Community Impact	N/A
Paper status	<input type="checkbox"/> Open – The paper may be circulated to non-members of the committee and published online without restriction. <input checked="" type="checkbox"/> Restricted – The paper must not be circulated to non-members or published online until after the committee meeting. <input type="checkbox"/> Confidential - The paper must not be circulated beyond the committee members and should not be published online. [Please note papers may still be subject to Freedom of Information requests – see below].
Freedom of information	Open If closed/ withheld, select date this will become 'open': Enter a date.



University of the
Highlands and Islands
Shetland

Project Title:

Shetland UHI

Textile Facilitation Unit

Business Review

Business Justification Case

Version no: 1.4

Issue date: November 2021

Purpose of this document

In line with guidance from HM Treasury's Green Book guidance on public sector business cases, a Business Justification Case is produced in support of small and medium size investments – typically those below £2 million whole life costs that are **not** novel or contentious in nature.

The purpose of this Business Justification Case is to update the Business Case for Shetland UHI's Textile Facilitation Unit following the completion of the Shetland colleges merger project.

VERSION HISTORY

Version	Date Issued	Brief Summary of Change	Owner's Name
1.1	23/09/15	First draft	Thomas Coutts
1.2	October 2021	Shetland UHI redraft – update post-merger	Brendan Hall
1.3	Nov 2021	Mission and aims added	BH
1.4	Nov 2021	Aims updated, risks updated, remit of consultation expanded	BH

CONTENTS – BUSINESS JUSTIFICATION CASE

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1. Purpose

The purpose of this document is to identify options for developing the Textile Facilitation Unit in Shetland UHI.

2. Strategic Context

The Textile Facilitation Unit (TFU) has been part of the Shetland UHI Lerwick campus since the 1990s and is one of the resources available to the Creative Industries subject area. In 2006, the TFU acquired three Shima Seiki electronic knitting machines, funded between Shetland College and Shetland Islands Council. These machines were transferred to Shetland UHI on vesting.

The Unit provides a learning resource to learners who are studying textile-based courses, particularly the BA (Hons) Contemporary Textile course, and also provides a manufacturing resource for local textile businesses to generate small production runs. The Unit also provides a New Design/Development Service which allows service users to refresh their product range and allows new start businesses to develop their first production runs.

TFU Mission and Aims

Mission: The Shetland UHI Textile Facilitation Unit is a centre for excellence for both learning and commerce, providing a unique blend of authentic learning experiences for students in the Creative Industries while offering manufacturing and business development support for small- to medium-sized textile manufacturers in Shetland and beyond.

Aims:

- To contribute to Shetland UHI's ambition to be the destination of choice for Creative Industries students in Scotland
- To offer a unique, wraparound service encompassing and coupling commercial and educational elements to support excellence in textiles design and manufacturing
- To provide authentic and sector-leading learning experiences for Shetland UHI students and the wider community, helping them to put their creativity into practice and developing the textiles workforce of the future
- To help small- to medium-sized textile manufacturers in Shetland and beyond to develop new ideas, undertake professional development and grow their businesses
- To support and undertake research in textile design, textile materials and the wider Creative Industries

3. Case for Change

A. Business needs

Shetland UHI was vested in August 2021. Created through the merger of Shetland College UHI, Train Shetland and NAFC Marine Centre UHI, the new college is independent (although assigned to the University of the Highlands and Islands). As such, all avenues are being explored to grow revenue and income streams to ensure the college can continue to be sustainable into the future.

In the context of sustainability and business development the Textile Facilitation Unit, which acts as both an academic resource supporting students undertaking textile courses and as a manufacturing resource for small-scale textile manufacturers operating in the local market, is a key resource for the new college.

However, it is essential that Shetland UHI find ways to reduce the gap between the costs of the TFU (staff, overheads, maintenance) and the income from students and industry, while still ensuring that the Unit provides a high-quality service.

B. Benefits

The potential benefits to the service and local industry of pursuing a business review depend on the option chosen and are briefly highlighted below. These include:

- Improved sustainability of the service specifically and Shetland UHI in general
- Improved service to users
- Consultation and engagement with the local textile sector

C. Risks

The potential risks to the service and local industry of pursuing a business review depend on the option chosen and are briefly highlighted below. These include:

- Staffing issues leading to a lack of ability to maintain a functional service
- Reduction in student numbers if access to TFU reduced or removed
- Reduction of service leading to business/industry impacts
- Reputational impacts on Shetland UHI
- Overinvestment due to lack of market research

4. Available Options

Five options have been identified, including the status quo or 'do nothing' option. These will be examined in turn.

Option 1 - 'Do Nothing'

This option will involve retaining the existing service options without any investment.

This option is cost neutral at the point of an investment decision. However, given current staffing issues, it is likely that this option will lead to serious difficulties in delivering the service to a reasonable standard, and in the longer term could lead to an inability to maintain a functional service.

Option 2

Invest in the service immediately using known demand and service issues as a guide

There are two areas which require immediate investment in the TFU to ensure that the service remains functional and responsive to industry needs. These are:

- Staffing
- Service provision

'Staffing' specifically refers to the need to support the head technician and consider recruitment of additional technician(s).

'Service provision' refers to what is available for the user at the TFU, and investment in new machinery. A number of items of machinery and software have been identified and costed which could benefit local users and provide new income streams for the TFU.

Given the current position of the TFU there are advantages to considering the above approach, particularly with regards to timescales. However, this is an approach which would preclude engagement activity to inform detailed business planning and the impacts on Shetland UHI and local industry, which would be crucial to prioritising areas of investment. It may be that leads to overinvestment in some areas, with Shetland UHI getting little academic or commercial return where there is limited demand.

Option 3

Customer and stakeholder engagement to inform detailed business planning and build awareness of the Mission and Aims of the TFU prior to a relaunch.

This will involve Shetland UHI staff carrying out a customer and stakeholder engagement exercise designed to improve understanding of:

- the best Vision and plans for the future of the TFU;
- possible avenues for support to help make the TFU sustainable;
- direct impacts on local business (such as reduction of costs) and Shetland UHI (income, resources) from the continued presence of the TFU;
- the local textile manufacturing sector, with particular reference to those businesses which currently purchase services from the TFU, and to those which may potentially access services in the future, to determine potential local customers;
- regional textile markets, with particular reference to small- or micro-businesses who may access services offered by the TFU, to determine potential regional customers;
- avenues for potential investment and service restructure to ensure that the TFU continues to provide a service to local industry, with reference to the needs of local business and the potential to capture new business.

The above option would provide the information needed to develop a Vision and business plan for the TFU and sound rationale for investment in certain areas. It would also enable detailed consultation with, and involvement from, local industry.

This approach would have a significant time investment, from Shetland UHI staff and this will have knock-on impacts on other business areas due to limited capacity. This activity could be aligned to the establishment of the Shetland UHI TFU Advisory Group.

Option 4

Disestablishment of the TFU

This option would involve closing down the TFU within Shetland UHI. This would have staffing implications due to the contracts of the existing workforce and would impact on course delivery due to the use of the TFU in Shetland UHI's textiles courses. This would also remove the resource from local industry.

This would remove the TFU costs from Shetland UHI budgets and free up space within the Lerwick campus.

However, there would be considerable reputational impact to Shetland UHI in adopting this option. It is likely that existing textiles courses would no longer be able to be run in their current form, and local businesses would not be able to access a local manufacturing resource on this scale. This would be seen as a failure by local agencies to support a key aspect of Shetland industry and culture and could lead to a talent drain from Shetland. It would also run contrary to local, regional and national policies supporting and encouraging the development of the creative industries. Costs to small businesses would increase as they would require access to alternate manufacturing capability outside of Shetland, perhaps putting the viability of some businesses into doubt.

Furthermore, the Shetland UHI Board approved the transfer of the Shima machines from Shetland Islands Council at considerable expense. The Board is unlikely to be supportive of disestablishment for this reason.

Option 5

Transferral of TFU assets to a third party

This would involve transferring the TFU assets and services to another provider. This would remove the TFU costs from Shetland UHI budgets and free up space within the Lerwick

campus. Local businesses would continue to access the manufacturing capability, and Shetland UHI could 'buy in' services for students.

It is unclear if there is local capability for another service to run this facility. This would require another local service to be able to fund the running costs of this service, and to have access to the space necessary to host the service. It is likely that this would fall to another public sector partner and would therefore assume that budgets for said partner would be able to sustain this operation now and in the future.

There could be reputational impact to Shetland UHI in adopting this option. This could be seen as a failure by Shetland UHI to support a key aspect of Shetland industry and culture in its capacity as a higher and further education provider. Consideration of Board opinion, as above, would also be a factor.

5. Preferred Option

Based on the assessment of the above options, the preferred option is **Option 3**, for the following reasons:

- This will provide Shetland UHI with a robust evidence base from which to make investment/service decision
- This option precludes a 'knee-jerk' reaction to current economic and financial circumstances
- This option will ensure, as much as possible, engagement from and consultation with key stakeholders, including students, local businesses and other local stakeholders
- This option preserves Shetland UHI's status as a local leader in development of the textiles sector specifically and creative industries in general
- This option does not at this time preclude any investment options from taking place

6. Funding and Affordability

The planned work would be delivered using existing resources, while this will have an impact on capacity it should not incur significant additional costs.

7. Management Arrangements

The Business Development and Projects Officer will be the Project Manager.