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Mr David Sandison
Chair Shetland UHI

3 December 2020

Dear Davie

We are writing to you as a follow-up to our email of 18 November, a copy of which we understand, will be appended to the minutes of the meeting of the Board of Directors of Shetland UHI of the same date.

The Board of Trustees of SFTCT met, as you know, in private with Jane Lewis on 4th November at which she outlined her proposals on joint committees and a staged approach to the merger of Shetland College, Train Shetland and NAFC. Trustees were keen to hear the views of the senior management team (SMT) of NAFC who had not at that point had an opportunity to meet with Jane to discuss her proposals. That meeting has now taken place and we are, therefore, writing on behalf of the Board of Trustees and SMT on the outline proposals which the Board of Directors of Shetland UHI approved in October.

There is a clear desire both from the Board of Trustees and our staff to seeing the merger process come to a successful conclusion as soon as practically possible. As charity trustees, as you know, there are duties which are set out in legislation of how we are required to act in the interests of the charity; over and above this we also want to act as a responsible employer in looking after the best interests of our staff, who have throughout a lengthy merger process, continued to deliver a high standard of services to students and our customers in industry.

In order to progress the merger to the next stages of transferring assets and vesting of a new college, the Board of Trustees need to be satisfied of the charitable status of Shetland UHI, so that assets can be transferred and, of the financial sustainability of the new college. We expect that assurance of the latter point may come through the Scottish Government response to the MMBC, potentially in January 2021. If so, this will be helpful to all parties. There is a number of building blocks that are key to a smooth transition to the new college and, while we appreciate that many of them will be in process already, we have highlighted a few bullet points in appendix 1 to this letter; we hope that these will be viewed from a shared perspective and approached in a collaborative way.

One of the concerns that has been expressed both by Trustees and staff is the absence of a senior management team/structure for staff when they move into the new college; we understand that all of the previous college mergers did have the second tier management, at least, in place prior to merger and in this case the strong message that has been made repeatedly at both board and staff levels is for a bespoke management structure to ensure that the new college is fit for purpose when staff transfer to Shetland UHI.

For information, at the end of this letter we include a link to the Audit Scotland guidance document of lessons learned from public body mergers in Scotland which is helpful in setting out the key issues to be addressed during the merger process; we hope that this is seen as helpful to the Board of Shetland UHI.

Whilst we have highlighted important issues that need to be resolved it is worth noting that during the meeting between Jane Lewis and NAFC SMT, in particular, the management team took significant comfort from the assurance of working to develop the organisational structure pre-vesting; this will be part of the process of joint working in both committees and workstreams where a greater level of shared understanding can be achieved. There are concerns around the capacity of staff to do additional work on merger on top of existing busy workloads and this needs to be borne in mind. However, the timescale to vesting which is still proposed as being the end of July 2021 does offer scope for staff to work together and for the new organisational structure to be in place. This will, we believe, help to assuage the concerns from both a governance and staff perspective.

With a view to taking matters forward we are proposing that a Merger Agreement/Asset Transfer Agreement be entered into between the parties which will include details on the pathway to the Merger, the Effective Date, the transfer of operations and any other points that are considered relevant between us. By doing this we will develop a clear route to merger and deal with any issues around the transfer of assets before they arise and potentially cause unnecessary delay.

NAFC has been in existence now for more than thirty years and there is a vast amount of experience that has been developed in ensuring the smooth and professional running of an independent college which has also been a charitable trust since 1988. We wish the Board of Shetland UHI well for the future and will assist in whatever way we can to give the new college the best possible start.

We look forward to hearing further from you.

Yours sincerely



Irene Hambleton
Chair SFTCT



Willie Shannon
Principal

cc Prof Jane Lewis

Link to Audit Scotland document: <https://www.audit-scotland.gov.uk/news/mergers-need-strong-leadership-from-the-outset>