

ARGYLL COLLEGE

1. SUMMARY

- 1.1 Argyll College proposes to merge with Lochaber and Skye & Wester Ross colleges with a view to becoming what the Scottish Funding Council refers to as a “fundable body”. The current Argyll College company has Argyll & Bute Council as a member of the company and, in addition, nominates 2 elected members to the board.
- 1.2 The advice the college has received is that continued membership of the company by the council, following a merger, would be an impediment to becoming a fundable body and possibly an impediment to its charitable status.

2. RECOMMENDATIONS

- 2.1 Members are asked to:
 - (a) Note the terms of the paper and in particular the arrangements that will be necessary for future nominations to the Board in order to permit the new college to attain fundable status.

3. DETAIL

- 3.1 Argyll College has been operating in the Argyll & Islands area since late 1999. The company was formed in 1997 as a partnership between Argyll & Bute Council and the then Argyll & Islands Enterprise Company. This was the first attempt to provide a comprehensive further and higher education service in the area.
- 3.2 The college has grown each year and from no students at the start of 1999, the college now enrolls around 3,000 students each academic year. In this academic year, the college expects to deliver further education to the equivalent of some 360 full time equivalent students. There are also around 125 students studying higher education where Argyll College hosts the students but where teaching comes from other academic partners in the UHI Millennium Institute. Argyll College also directly teaches at HE level to some 155 students this academic year.

- 3.3 As a business, Argyll College will have a turnover of around £2.6m this year and the college has made a trading profit in every year of its existence. The profits have been reinvested in new facilities and the college now operates from 14 separate sites throughout Argyll & the islands. 80% of college turnover is on staffing costs and the college is now a major contributor to the local economy.
- 3.4 The revenue funding the college receives from the Scottish Funding Council (SFC) is channelled via the North Highland College (NHC), with which Argyll College has a contractual relationship, now in its 7th year. This arrangement was reached because at the time there seemed little chance of any new fundable bodies ever being created. In June 2008 Argyll College formally asked SFC to become a fundable body. SFC had recently agreed on a 4 year allocation of growth to Argyll as well as to the colleges serving Lochaber, Skye and Wester Ross. Each of these has a similar contractual relationship with NHC. SFC decided in late summer 2008 to consider the Argyll College request but within the context of the delivery arrangements for the whole of the west coast of Scotland.
- 3.5 In December 2008 SFC agreed in principle to a new fundable body. This new fundable body had to be formed by a merger of the existing Argyll, Lochaber and Skye & Wester Ross colleges. The boards of all 3 have agreed in principle to merge and the due diligence process prior to merger has begun. It has also been agreed that the simplest way of merging the 3 entities is to use the existing Argyll College company and to change its memorandum and articles to reflect the wider purpose. This has resulted in advice to the effect that one of the changes is to remove Argyll & Bute Council and the former Argyll & Island Enterprise as members of the company. This would leave the board members as the sole members of the company.
- 3.6 Most colleges invite someone from the local authority to be on the college board. A new West Highland College would need to invite both Argyll and Highland councils to nominate someone from each council. There will be a recommendation to the shadow board of the new college to issue such invites. If Argyll & Bute Council agrees to nominate in response to the invite, board membership would take effect from the date of the formal merger. Meanwhile, councillors Strong and Dance will remain as council nominees on the existing Argyll College board. Councillor Strong is currently one of the 3 nominees to the shadow board which will meet for the first time at the beginning of April 2009.

4. CONCLUSION

- 4.1 The Scottish Funding Council has agreed in principle to a new West Highland College attaining fundable body status. This, however, will require the merger of Argyll College with Lochaber

and Skye & Wester Ross colleges. This report sets out the steps that are being taken to promote the merger.

5. IMPLICATIONS

Policy: For the future, the Council will require to pursue its policy objectives in partnership with the newly formed college.

Finance: Nil.

Personnel: Nil.

Legal: Future membership arrangements for the college will be determined by the Memorandum and Articles of Association that are eventually developed for the new college.

Equal Opportunities: Nil.

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