

Committee	UHI North, West and Hebrides F&GP COMMITTEE
Subject	Commercial Opportunity – Remote Operating Vehicle (ROV)
Action requested	<input type="checkbox"/> For information only <input type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input type="checkbox"/> For endorsement <input checked="" type="checkbox"/> For approval
Summary of the paper	<p>The paper provides an overview of an opportunity for us to partner with Drift Offshore to deliver industry recognised ROV training with a global demand. The project requires an initial investment of £125,000 which can be covered from our FE Capital Grant allocation for 2024/25.</p> <p>We project recouping these costs in full after delivering just two complete ROV Technician courses and expect to generate net income of over £400,000 per annum once established.</p> <p>The business case presented describes the market, the opportunity and the financial considerations along with the implementation plan and associated risks. Through it's Q&A section it addresses previous concerns raised by ELT and Board members.</p> <p>This is the most significant commercial course opportunity that we have across NWH to date and if approved will lay the foundation for Fort William to emerge as a global hub for subsea engineering innovation and skills.</p>
Resource implications	This project requires an investment of £125,000 from our FE Capital Grant allocation for 2024/25.
Risk implications	<p>The initial risk relates to investing the £125,000 and failing to deliver enough courses to recoup the investment.</p> <p>The demand for ROV pilots and technicians exceeds the supply, a theme that has come up with everyone we talk to in the industry.</p> <p>The risk of not investing in this project is the lost opportunity of over £400,000 per annum.</p>
Date paper prepared	12/06/24
Date of Board / Committee meeting	19/06/2024
Author	David Campbell, Director for Business Enterprise and Development
Link with strategy	This paper links with the theme of becoming an anchor institution supporting economic regeneration, commercialisation and internationalism, attracting, retaining and nurturing talent and

Please highlight how the paper links to the Strategic Plan	becoming a sector leader for tertiary education. It also links to innovative tertiary education supporting growth in renewables, engineering, aquaculture and digital education. It supports businesses involved in impactful economic investment. Ultimately it increases commercial income to the college with the objective of creating a more financially sustainable and resilient college.
Island communities	The rural and islands college merger may have an impact on the Western Isles and islands covered by West Highland College that is different to other communities. As part of the merger process, the University will undertake an Island Communities Impact Assessment.
Status (e.g., confidential, non-confidential)	Non confidential
Freedom of information	No
Consultation How has consultation with partners been conducted?	Extensive consultation internally through Curriculum, Quality and Executive Leadership Team and externally with Industry experts, SQA and HIE.

Recommendation – To approve the investment.

F&GP Report

ROV Training – Executive summary

In the booming subsea market, the demand for skilled Remote Operating Vehicle (ROV) technicians has skyrocketed, driven by the surge in offshore wind and oil & gas activities. With over 90% utilization in both sectors, the industry faces a critical shortage of over 1000 trained personnel. UHI - NWH stands at the precipice of an unprecedented opportunity to bridge this gap.

Partnering with industry pioneers Drift Offshore, we aim to establish a cutting-edge ROV training centre in Fort William, leveraging our expertise in delivering customised UHI NWH SQA-accredited programs. Our collaboration with Drift not only ensures access to industry-leading training but also aligns with their vision of rapidly developing a competent worldwide workforce for their clients.

Initial set up costs require an investment of £125,000 in equipment and course training materials. These capital costs can be covered through our FE Capital Grant allocation for 2024/25. We project recouping these costs in full after just two complete ROV Technician courses. A single training course with a cohort of 10 delegates will generate a profit share to UHI NWH of £70k plus payment of £18k towards the costs of providing facilities and services for operating the courses. Once established, we expect to run up to 5 courses per year, generating net income of over £400k per annum. Beyond basic training courses, our vision extends to a comprehensive suite of ROV and Maritime programs, positioning us as a cornerstone in subsea education.

Moreover, Drift's industry insights reveal an urgent need for introductory level courses, perfectly aligned with our SQA qualification framework along with more technically challenging industry specific courses.

This venture not only addresses the immediate shortfall in skilled technicians but also lays the foundation for Fort William to emerge as a global hub for subsea engineering innovation and skills. With a wealth of assets at our disposal, including expansive water bodies and industry partnerships, UHI NWH is poised to lead the charge in shaping the future of subsea education and industry innovation, establishing Fort William as a University town.

Business Case Overview

Objective: Establish an ROV training centre in Fort William to address the shortage of skilled personnel in the subsea industry and capitalize on the growing demand for trained ROV technicians.

Market Analysis: (More detail in Appendix 1)

- Significant growth in the subsea market, particularly in offshore wind and oil & gas sectors, has led to over 90% utilisation rates.
- Shortage of skilled ROV technicians globally, with major subsea companies struggling to resource their projects.
- Demand for introductory level ROV courses along with more specialist courses projected by industry experts, indicating a lucrative market opportunity.
- We have corroborated this market analysis through discussions with contacts in the sector and online research, as well as through market intelligence from our preferred operating partner, Drift Offshore.

Opportunity Description: (More detail in Appendix 2)

- Collaboration with Drift Offshore, a global provider of ROV personnel and training, to develop and deliver industry-recognized training programs.
- Drift will provide their knowledge and expertise to develop the required training course materials. They will also support our marketing activities and help deliver the required delegates for the training courses, which will be important for the initial courses until we are recognised in the sector as a key player within the supply chain for skilled ROV technicians.
- The utilisation of UHI NWH's facilities, academic expertise and ability to provide technical accredited courses and qualifications to create a comprehensive training curriculum aligned with industry needs will give us a strong competitive edge within the sector.

Financial Considerations: (More detail in Appendix 3)

- Initial investment of £125,000 to cover setup costs.
- Potential for income generation through course delivery, with initial courses running with 10 delegates delivering a profit share of £70k and a contribution of £18k towards our overheads and staff costs. The aim is to run up to 5 courses per year, creating a comprehensive suite of ROV and Maritime programs for our clients that would generate over £400k of income per year.
- Recover the initial investment of £125,000 following the delivery of 2 full ROV courses in the first year and a clear path to profitability within a short timeframe. Further investment in equipment and course materials will be required but this can be funded from profits, and we believe capital funding for expansion will be available from the public sector – e.g. although HIE are not in a position to provide seed funding they are still very supportive of this project and should be able to provide funding to help meet our future equipment needs.

- UHI NWH will own all the intellectual property relating to the course materials.

Implementation Plan: (More detail in Appendix 4)

1. Create and sign a Joint-Venture Agreement between Drift Offshore and UHI NWH. This agreement will detail the terms and conditions of the partnership, the responsibilities of each partner and the financial aspects such as funding commitments, profit sharing and ownership of intellectual property.
2. Drift Offshore to develop and finalise course content and work with UHI NWH to achieve accreditation with SQA.
3. Procure and purchase necessary equipment for training delivery.
4. Commence pilot courses by the end of 2024
5. Expand course offerings based on market demand and establish UHI NWH as a leading provider of ROV and maritime training, contributing to the development of skilled personnel in the subsea industry.

Conclusion: Establishing an ROV training centre presents a strategic opportunity for UHI NWH to address industry needs, foster collaboration with industry partners, and secure the future of the Fort William campus as a centre for academic and engineering excellence in the subsea sector.

Q&A's

Q1. How long will it take to recover the initial £125k investment?

A1. The initial outlay will be recouped following the delivery of 2 full ROV courses based on 10 delegates at each course. Each course will generate a £70k profit share for us plus a contribution of £18k towards our overheads and staff costs.

The detail of this can be found in appendix 3.

Q2. Why are we partnering with Drift, a relatively new and small company in such a large sector?

A2. Drift are a young ambitious company, building on years of experience in the field. They offer technical expertise, crewing and management services, competent personnel, quality training and strategic resource planning. They are a new subsea resourcing alternative based on a unique combination of fresh thinking and many years of front-line experience around the world. Leading subsea sector players turn to Drift for specialist support and as such, they were invited to talk at this year's Offshore Technology Conference in Houston, by OGV. OGV Energy is a leading engagement platform for the energy sector with over 400,000 regular readers. Kyle Pitman (Co-founder) shared his insights on how attracting new talent is key to future-proofing the industry with qualified personnel.

Drift are continuing to grow their global footprint, with expansion plans for America and the Middle East.

Trade references from their clients can be made available.

It is extremely difficult to find competent and specialist individuals in this sector that would be suitable for delivering training. Direct recruitment into the training role would be very difficult given the current market conditions for skilled ROV technicians, and we have had previous unsuccessful discussions with TechnipFMC, a large subsea company as well as other training providers about supplying competent trainers.

Drift are looking to develop competent crew, some of which they can then use in their crewing services, so their main financial return will come from being able to fulfil supply to existing and new clients. This project is a means to achieving that, therefore they are happy to deliver the course material and training services at a reasonable cost and take 10% of the profit from each course, with us taking the rest.

We have developed a great working relationship with the people at Drift and in my opinion they are the best option for us to partner with on this venture.

Q3. The costs involved in ROV kit are substantial. How can we afford to enter the sector?

A.3 It is proposed that the purchase of the initial equipment required will be funded through the SFC FE Capital Grant for 2024/25. This year this grant has been able to be used for repairs and maintenance but there is a strong likelihood that a significant proportion of the £781k grant for 2024/25 will need to be allocated to capital expenditure.

It is important to note that some of the kit we already have in the Advancing Manufacturing Centre provides the basic content training for the technicians. We will supplement that with the purchase of the additional specialist tooling in the start-up budget to allow us to run the course.

Companies such as TechnipeFMC have offered to lend us kit to use during the courses and we see this developing as we grow our reputation. Drift have been developing VR/AI technology that can be used in place of expensive simulators and we would plan to utilise that.

Whilst we will make a substantial profit from the courses, following the payback of the initial investment, we will re-invest some of the profit in the early days back into the project to improve the kit and facilities and enable expansion of the range of courses being provided. There will also be public sector funding available from the likes of HIE to support capital growth investment, and we are building a future with a brand reputation which will bring more customers and opportunities for partnerships with Original Equipment Manufacturers.

Q4. Accommodation during the summer is an issue in Fort William. Where will the delegates stay?

A4. The summer is also the busiest period for the industry with the optimal time for training being for September onwards, just as accommodation starts to free up. In addition to this and if we wanted to run courses year-round, we have the option of renting temporary Bunkcabins, which could be placed on site at the Fort William campus subject to planning consent.

Q5. Why would we run this in Fort William rather than the Cromarty Firth or elsewhere.

A5. Loch Linnie has a global reputation for its suitability for underwater operations. The NATO rescue sub, Kawasaki, the MOD and various UK University research teams all come to Fort William to access the 150m deep, 15 mile long, 1 mile wide, safewater loch.

Industry leaders Fugro, Total Energies and Chevron are considering undertaking operations on Loch Linnie and have expressed a desire for there to be an academic hub with local skills and capabilities in manufacturing, digital computing and robotics.

The location of our campus on the water's edge provides us with a unique opportunity to attract more than just trainees. We can provide research, testing and manufacturing capability that will attract major industry players to use our campus.

Q6. If this is so lucrative, why is nobody else doing it?

A6. There are some training companies doing part of it already. A company in Kinlochleven has capitalised on our failure to get up and running and are currently offering an IMCA recognised 3-week pilot technician course for £5995 out the back of an old ambulance. They don't have the quality assurance, qualifications and reputation that we can add. Larger subsea companies closed their training departments a few years ago and have struggled to find the right people get them back up and running. If we can get going, we will ensure that there is no need for them to do so, as we can deliver their training requirements for them.

Q7. What training will we be delivering and for who?

A8. Our initial course will be an SQA customised Award for ROV Technicians. This is an updated version of the course for which we accredited 250 trainees on behalf of the Underwater Centre. This course is aimed at entry level ROV pilots and equips them with the basic knowledge and skills to start working in this sector. In addition, it gives an accredited certification verifying their standard, which will be endorsed by SQA, SCQF, UHI NWH, IMCA and Drift.

The course is delivered in modules, with individual modules appealing to those already in the industry and looking to upskill. We will develop other modules, such as deep water trenching which will allow clients to choose future development from our menu of modules.

[DRIFT Offshore - Training Course overview - July 23.pdf](#)

Whilst the training is not a regulatory requirement, it is good practice and will be recognised as this by the industry body [IMCA](#). Our strategy is to provide industry leading training that delivers competent and skilled individuals essential for the delivery of safe and successful offshore projects. As we develop more offerings, we aim to develop a competency passport that will record the skills, knowledge and experience of the trainees, to ensure Industry know that they are employing competent individuals.

Q8 How do we know there is a demand for this training?

A.8

In addition to the reports from industry of the current shortage of around 1000 personnel, the My World of Work entry for ROV Pilot Technician refers to it as “high growth” with 400 additional personnel required in the next 5 years.

A simple Google search for ‘ROV Technician jobs’ carried out on 12th June 2024 showed a whole series of companies and recruitment agencies seeking ROV pilot technicians for temporary and regular contract work. This is clearly a growing market and with demand exceeding supply for these skills the wages on offer will undoubtedly be attractive to a lot of people looking to reskill in today’s tough economic climate.

During the development of this project we found it impossible to recruit an ROV operator as a trainer. They were commanding fees in excess of £700 and were in such demand that they could not commit to our schedule.

Q9. When can we start delivering?

A9. If we get the approval to run with this, it will take us several months to get it up and running. If we get approval in June, we would be aiming to have the first course running no later than November.

ROV Training – Appendix

1. Market Analysis
2. Opportunity Description and background reading
3. Financial Consideration
4. Implementation Plan
5. Risks
6. Additional information

1. Market Analysis:

The subsea market has experienced significant growth in the last 24 months, particularly in offshore wind and oil & gas sectors. Both wind energy demand and high gas prices have led to both sectors operating at over 90% utilization.

What we are witnessing in the market is that all rebuildable assets that were idle during the recession have been refurbished and put back into operation. ROV manufacturers are operating at full capacity, with orders extending out to 2025. Additionally, it's evident that the market has not seen an influx of personnel since 2015. Following the oil crash of 2015, the industry laid off a significant portion of its workforce and operated lean for five years. In 2019, there was an initiative to train and develop new talent, which attracted younger individuals to the market. However, the onset of COVID-19 in 2021 resulted in further layoffs. Consequently, the industry now faces a shortage of over 1000 positions during peak seasons. The only viable solution to this problem is an industry-accepted training program that can expedite personnel development.

There is a global need for skilled ROV pilots with all the major Subsea companies struggling to resource their projects. A recent project Drift were project managing required 35 skilled operators and they struggled to resource the crews. TechnipFMC discussed with us their need to train 10 people per year for the next few years, 5 new drilling ROV's have been launched that require a crew of 100 to operate, all of whom need training. Drift, currently run Original Equipment Manufacturing (OEM) Training for experienced ROV operators on Schilling HD and Valor and are very confident that there is a demand for at least 5 introductory level courses per year for up to 12 delegates.

Subsea Testing & Evaluation Ltd, who operate their business from the pier at Fort William, has been supporting us on our journey, with a recognition from them that there is a dire need in the industry for skilled ROV technicians. Although they are an established business with a network of contacts in the sector, they have been unable to support our business plan with assistance in sourcing skilled ROV technicians to run the training courses for us.

When we initially promoted the idea of running ROV skills courses we received interest from 60 individuals requesting more information about the courses, with many of them looking for dates when it will run. We previously accredited 250 individuals on ROV courses run by the Underwater Training Centre, demonstrating the appetite to come to Fort William for accredited training.

Although we are relying on Drift for a lot of our market intelligence, in particular Kyle Pitman who is the Co-Founder of the company and oversees their operations in the Americas, some basic online research shows that there is a significant demand for ROV technicians. A simple Google search for 'ROV Technician jobs' carried out on 12th June 2024 showed a whole series of companies and recruitment agencies seeking ROV pilot technicians for temporary and regular contract work. This is clearly a growing market and with demand exceeding supply for these skills the wages on offer will undoubtedly be attractive to a lot of people looking to reskill in today's tough economic climate.

2. Opportunity Description and background reading:

Remote Operating Vehicles are used in the subsea sector for work previously undertaken by deep sea divers. The range of operations they are involved in is increasing along with the complexity and size of the vehicles. The skills required to operate the ROV's are changing and there is currently a worldwide shortage of competent, skilled pilots to maintain and fly them. According to Drift they believe there is a current requirement for an additional 1000 personnel. In previous years, the majority of large subsea companies reduced their training capabilities, and the sector is now struggling to recruit. Whilst there are several small training companies delivering bespoke short upskilling courses, there are no certified pipeline training courses to create new pilots for the sector. There is a gap in the market for an industry recognised certified training provider to deliver these skills and create a suite of further training that builds on the basics to ensure pilots stay at the top of their game as technology changes.

[Drift Offshore](#) is an industry recognised provider of competent ROV personnel, quality training, technical expertise, crewing and management services, and strategic resource planning. Drift are looking to further develop training to meet the needs of the industry and are looking to partner with a University/ College to add credibility to their program. Following discussions with Drift, it has become apparent that the ethos and ambitions of both our organisations are a very good match.

The Underwater Centre in Fort William previously ran ROV training with the UHI West Highland charging them a fee to accredit it through the Scottish Qualifying Authority. Following on from the financial collapse of the Underwater Centre, UHI West Highland have been working to re-establish the ROV training, but have met with difficulty in recruiting the talent required to develop and run the courses. We have worked with SQA and various ROV experts to date, to develop the framework of an Award and now need to create the training material to achieve the assessment criteria.

Drift Offshore have the capability to undertake the development of the training material along with the delivery of the training. UHI NWH have the facilities to undertake the training, with access to the large indoor tank, the pier and deep-water loch along with the resources for administering and quality assuring the courses. Together we will form a unique and strong partnership between industry and academia to service an immediate and long-term need for training in this sector.

Having heard about the training delivered by Drift, we arranged a meeting to discuss the possibility of working together on this exciting project. Drift supply personnel and training to the industry and are well respected in their field which will add industry credibility to our courses. Having an established trainer within the business allows them to work in conjunction with us to cocreate material that will satisfy the requirements of our qualification. Drift also has the capacity required to deliver the courses in Fort William.

Drift has a desire to work with an academic institution to add credibility to their training offering and provide access to potential government funding. They have identified the need for an introduction to ROV

course for suitable candidates, followed by time at sea to gain experience prior to returning for more training. Their proposal of an introductory 101 course is well aligned to the SQA qualification we have been working on and therefore is a great fit for both organisations.

Following the initial talks with Drift we reached an agreement that we could work together on our SQA Qualification and subsequently create and deliver a wider range of courses applicable to the ROV sector. The main driver from Drift is to train more people up to become qualified, competent technicians that can pilot ROV's in all situations. They will then be able to offer the best students positions in their crewing operations, which will in turn generate more income for Drift. To this end, they are happy to work with us, charging time at cost for a 10% share of any profits at the end of the year, with us retaining the intellectual property rights for the training material we pay to have for the courses. UHI NWH will quality assure the courses that carry our name along with the SQA award.

We engaged with Drift to undertake a gap analysis of the criteria for our qualification rubbed up against the current needs of industry and the material they already have available that we could use. This Gap Analysis [DRIFT Offshore - Training Gap analysis - July 23.pdf](#) shows they would have to carry out around £25,000 of development work to create the material required to deliver the qualification. They have some suggestions where we could remove some elements that are now not required, saving some development costs and making the course more relevant. We will need to discuss this and the implications for the approval process through SQA with our quality team.

Drift has created a list of the equipment we would require to be able to deliver the course which can also be found in the appendix and the initial equipment purchase will cost around £80,000. HIE offered to help us purchase the equipment in 2023, but unfortunately the college was unable to commit to the investment in time and this offer has subsequently been withdrawn due to their current budget constraints. They remain very supportive of the project and have intimated that once the programme is up and running that we may be eligible for future growth capital funding.

The proposal is that we engage with Drift to create the training material, finalise the qualification with SQA and purchase the equipment. Drift will liaise with industry to get larger pieces of kit required on loan and arrange for the first cohort of delegates for the pilot course. DRIFT is collaborating with [IMCA](#) and AI companies to create programs for rapid workforce development and it is hoped that these will be in place for the course start date.

To achieve this, funding is required to commence the creation of a state-of-the-art training facility that will not only attract major offshore equipment suppliers but also be recognized by offshore operators.

This is a golden opportunity for UHI NWH to establish itself on the world stage and become a major attractor to Fort William and establishing it as a university town.

Industry leaders Fugro, Total Energies and Chevron are considering undertaking operations on Loch Linnie and have expressed a desire for there to be an academic hub with local skills and capabilities in manufacturing, digital computing and robotics.

Further conversations with Drift established the synergy with our AMC's purpose of developing new products, both in training and manufacturing.

3. Financial Considerations:

The following table sets out the assumed and estimated start-up costs for running the ROV training course. Originally the proposal was to be backed with £145,000 investment from HIE for tooling and equipment, however although HIE remain very supportive of the project and should be able to provide funding for future capital equipment requirements once the training program is operational, they are currently unable to provide seed funding due to budget constraints.

START-UP COSTS				
ROV Training		Summer 2024		
COST ITEMS	MONTHS	COST/ MONTH	ONE-TIME COST	TOTAL COST
Course Material Development	0	0	£25,000	£25000
Training Equipment	0	0	£80000	£80000
SQA verification	0	0	£600	£600
UHI Staff time	4	£3000	0	£12000
Miscellaneous			£5000	£5000
Capital Grant from HIE				N/A
ESTIMATED START-UP BUDGET				£122,600

Assumptions

Course Material Development – all provided by Drift

Expected hours 271 – charged at £50 per hour = £13,550

Expected contribution from Kyle Pitman – 5 days @ £850 per day = £4,250

Branding and Technical Writing (Marketing Team - 10 days @ £750 per day = £7,500

Total expected cost - £25,300

Training Equipment – costs all incurred by UHI NWH

Up to £80,000 based on details supplied by Drift of minimum items of equipment required to run initial training courses.

SQA Verification

£600 fee to pay SQA

UHI Staff time

Allowing for up to 3 days per week @ £250 per day for development, set up, equipment procural, quality systems, assessor & internal verifier, admin etc.

Miscellaneous

£5,000 contingency allowance for unforeseen expenses from Drift or UHI NWH

Capital Grant from HIE

The Agreement in principle we previously had from HIE to fund tooling and equipment as part of their continued support of our Advancing Manufacturing in the West Highlands Project is no longer available due to HIE budget constraints.

The following table sets out the assumed income and expenditure for running one course. The course can run with a maximum of 12 delegates and a minimum of 8. For the purpose of the business case we have assumed a cohort of 10 delegates, each paying a training fee of £15,000.

Income & Expenditure	
ROV Training	
INCOME	1 course (8 - 12 delegates) assumed 10
Course Sales	£150,000
Gross Income	£150,000
EXPENSES	1 course
Trainer fees & NWH Wages	£32,000
Travel & Expenses	£8,400
Marketing/Advertising	£2,000
Sales Commissions	0
Room hire including utilities	£9,000
Course material production	£1,000
Equipment Hire	£10,000
Quality Assurance/Certification	£5,000
Miscellaneous	£5,000
Total Expenses	£72,400
Income Before Taxes & 10 % profit share	£77,600

Assumptions

Course fees per delegate

Charging for 30 days @ £500 per day = £15,000

Trainer Fees & NWH wages

Drift - 1 trainer for 30 days @ £700 per day, 1 trainer for 10 days @ £700 per day

UHI NWH - 1 admin for 20 days at £200 per day

Travel & Expenses

Drift trainers - 42 days at £200 per day

Room hire, including utilities & Insurance

Notional charges from UHI NWH – facilities in Ocean Frontier- Large Workshop 30 days at £200 per day and smaller classroom 30 days at £100 per day

Course Material Production

Drift- £100 per delegate

Equipment Hire (specialist equipment in addition to the kit we are proposing to buy)

Up to £10,000 which may not be needed

Quality assurance and Certification

Allowing up to £500 per delegate x 10 delegates

The costs are pretty much set, with the variable being the number of trainers required depending on the number of delegates. The costs relating to running the courses include the value of facilities and services provided by the college and are included to show the total notional costs for the purposes of calculating a profit share for Drift. These costs include £9,000 for room and facilities hire, utility and insurance costs, £4,000 relating to NWH admin staff costs and £5,000 for the provision of Quality Assurance and Certification services, totalling £18,000. This ensures the college has an income to cover our costs over and above our share of the net profit. From Drift's perspective, they will be paid £28,000 for trainer staff fees and £8,400 for trainer travel and other expenses, totalling £36,400, again, out with Drift's share of the net profit.

Split of the income and profit between NWH and Drift		
ROV Training		
INCOME	1 course (8 - 12 delegates) assumed 10	
Course Sales	£150,000	
Net Income	£150,000	
Income	1 course	
	UHI NWH	Drift
Salary costs recovered	£4,000	£28,000
Sales Commissions	0	£0
Room hire including utilities	£9,000	£0
Quality Assurance/Certification (cost of Certs to be deducted)	£5,000	£0
Total income	£18,000	£28,000
Remaining income Before Taxes & 10 % profit share	£77,600	
Income before tax including profit shre	£87,840	£35,760

Once we build up the courses and have the trainers in place to be able to run up to 5 of these courses per year we will be able to generate a significant income. On top of this will be the prospect of running other courses such as Deep Water Trenching, Drilling or OEM courses.

Once up and running there is potential to run up to 5 introductory courses per year which could bring in between £240,000 and £530,000 net income before tax and profit share along with an additional £90,000 towards our running costs. After the initial requirement for a cash injection, it is envisaged that the project will become self-financing with the ability to keep up with changing industry needs from the proceeds of the training along with any future grant funding

This business case highlights the potential expenditure & income generation, demonstrating that with start up cash from the college of around £125,000, we will recoup our initial investment with the 2nd delivery of the full course.

4. Implementation Plan

Specific Action	Target Date	Deliverable	Outcome	Who	Risk Level
Gain agreement to undertake the course development	June	ELT/ F&GP /Board to discuss the ROV business case	Decision on whether we should proceed or not	Director of Business Engagement & Development, ELT, F&GP Board	Medium (cost of £125k in current climate)
Sign a JV Agreement	June	Create a JV agreement to be signed by UHI NWH and Drift	An agreement to protect both parties	Director of Finance, Director of Business Engagement & Development & Drift	Low
Engage with Drift to undertake the course development	June	Contract with drift –	Drift can start working on the material	Director of Business Engagement & Drift	Low
Liaise with UHI NWH Quality to ensure accreditation by SQA	July	Processes and paperwork that comply with UHI – NWH quality requirements	Internal course approval and SQA approved qualification. Trained assessors and Verifiers	Quality, Director of Business Engagement & Drift	Low
Create business case for HIE capital funding to purchase training equipment	N/A	Business case taken to HIE for funding approval	Green light to purchase the training equipment	Director of Business Engagement & HIE	High Now not applicable

Engage procurement to purchase equipment	July	Supply the list of equipment for the business case to APUC	A tender document that can go out to suppliers	Director of Business Engagement & APUC	Low
Review course material created by Drift	Aug	Material created and supplied to UHI – NWH for review. Utilise industry experts to peer review technical content	Acceptance of material with any recommendations for improvement.	Quality, Head of Curriculum, Director of Business Engagement & Drift	Low
Approval from SQA to run the qualification	Aug/Sep	SQA Qualification	We are approved to run the course	Quality, SQA, Director of Business Engagement & Drift	Low
Set course up on college systems	Sept	Fully approved course set up and available on system	Course on system and ready to go	Quality. Employment and Development (EDT)	Low
Award contract and purchase equipment	Sept	Work with APUC to score bids and award the contract/s	Training equipment/tooling ordered from suppliers	Director of Business Engagement & Drift	Med (Length of time to procure)
Set a date for initial pilot course, book rooms, loan of larger kit, trainers and	Sept	A concrete date set for the initial course with everything in place to enable it to	We can liaise with industry and delegates on our list to offer a place on the course. Marketing resource in place.	Director of Business Engagement, Drift, EDT, BDM, Marketing	Low

advertise to delegates/ industry		run with marketing ready to capture future material			
Run pilot course and review	Nov	The course will be run with continual reviews to ensure it meets the requirements of the qualification and the industry. Marketing will be engaged to create material for future courses	Delegates will be trained to a level of competence that meets the requirements of the qualification and the industry. We will have content that can be used for future marketing with a view to creating a marketing and promotion activity plan	Quality, Assessor, IV, EDT, Director of Business Engagement & Drift	Low

5. Risks

#	Risk	Description	Probability	Severity	Actions to minimise risk
1	Lack of finance	ELT/Board reject the business case due to lack of finance to invest in start up costs	Moderate	Major	Present a solid case for the investment showing the potential return. Secure other income from rental of Ocean Frontier, of which some can be used for ROV
2	Do nothing	We don't take this forward as resources are focused elsewhere and we lose the opportunity for income of several £100k	Moderate	Major	Keep focused on the opportunity and drive to make it happen
3	Take to long - someone else runs it	Take too long to have it up and running - resource restrictions across all areas of the college, slow processes. SQA Approval can take up to 16 weeks from submission of paperwork	Moderate	Major	Keep focused, expedite processes and ensure resources are in place. Work closely with SQA
4	Partner pulls out	Partner with Drift and they choose not to continue working with us	Moderate	Major	We have started the relationship well. The first invoice took over a month to pay due to merger. We need to ensure better payment, keep good communications and work fairly with them. The 10% profit share needs to deliver value for them and be seen as an incentive. The quality of the product needs to be good and we need to insure it meets their recommendations for the sector. We need to have good quality facilities with access to the tank and the sea and our accreditation needs to be impeccable
5	Partner goes bust	Partner with Drift and they cease trading	Low	Major	The company is currently in good shape with more cash in the bank than UHI - NWH. This programme of training will improve their position by having more technicians that they can then hire out.

6	Lack of demand	Invest in developing the courses and no uptake from industry or individuals	Low	Major	There is a significant demand already for the training. The course will breed it's own success and become an industry standard which will drive more uptake. A quality course with good marketing and industry links will assist.
7	Fail to meet budget	Build income into the budget that we fail to meet due to increased costs or courses not running	Low	Major	We will continually review costs and can adjust the course pricing to ensure it's profitability. The demand for the courses is such that if we schedule one, it will be filled. We have agreed the costs for the development and delivery and these will also be reviewed
8	No Accommodation for delegates	There is a lack of accommodation in Fort William	Moderate	Moderate	We can run the courses during low season in line with crew availability, we can block book accommodation upfront - delegates will be paying their own expenses. We can book the student accommodation over the summer. We can put static Bunkabins on the land beside the Ocean Frontier https://www.bunkabin.co.uk/our-cabins/sleeper-units/bespoke-sleeper
9	No facilities to deliver the course	The Landord evicts us from the AMC and restricts access to the pier	Moderate	Major	Current negotiations to buy the area of land and pier are faltering. The Landlord will find it difficult to find an alternative tenent for the AMC. We could operate from corpach harbour, marina or a barge on the loch.

6. Additional Information

[DRIFT Offshore - Training Gap analysis - July 23.pdf](#)

[DRIFT Offshore - Training Course overview - July 23.pdf](#)

[ROV Tools for training .xlsx](#)