

Shadow Board – Shetland Merger Project

Committee	Shadow Board
Subject	Risk Register for oversight of Shetland Merger Project by Shadow Board
Action requested	<input type="checkbox"/> For information only <input checked="" type="checkbox"/> For discussion <input type="checkbox"/> Special Resolution
Brief summary of the paper	Risk Register updated draft for Board consideration
Resource implications [if yes, please provide detail]	No Click here to enter text.
Risk implications [if yes, please provide detail]	No
Date paper prepared	13-May-20
Date of committee meeting	20-May-20
Author	Principal Designate
Equality and diversity	No
Status	Non-confidential

Freedom of Information Can this paper be included in 'open' business?*	Yes
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Context:

The risk register was presented to the Shadow Board at the last meeting. It was agreed that a section referring to external factors should be added to the register. This is included in the draft below.

It was agreed that the register would come to the shadow board at alternate meetings for review.

Recommendation:

- 1) Board considers this draft risk register for further amendment or addition

Risk	Probability	Impact	Mitigation	Risk after mitigation
Governance				
Membership and leadership	Medium	High	Ensure member retention – positive meetings; clear purpose; Chair leadership; Action: Board training; Chair recruitment; Member feedback; Effective administration; Governance guidance from RSB and SFC; Links to College Development Network Scotland and Colleges Scotland for good practice examples.	Medium – delays in timeline and lack of clarity on financial settlement will impact on members' commitment and ability to attract Chair.
Legal	Medium	High	Secure appropriate and experienced external advice; Develop detailed brief and contract management; Ensure sufficient resource for depth of work required; Ensure clear reporting and decision points; Maintain timeline to which external advice supports decision dependencies; Ensure merging parties support advisors with full disclosure and agree advice conclusions; Involve RSB and SFC to ensure robust scrutiny;	Medium – decisions (leases, TUPE, restructuring, contracts) have long term impact and could be subject to action/appeals

			Ensure appropriate time and support for Board decisions.	
Merger timeline	High	High	<p>Ensure RSB and SFC are fully involved in supporting the process;</p> <p>Create appropriate working groups to progress business case and preparation for merger;</p> <p>Inform and consult Board, stakeholders, staff and students on ongoing basis;</p> <p>Establish clear milestones and decision points to which external and internal players commit and work to.</p>	<p>High</p> <p>Past experience of delays in external input;</p> <p>Financial vulnerability of merging parties;</p> <p>Contested nature of operational issues (restructuring; financial case);</p> <p>Complexity of variables and dependencies.</p>
Financial				
Financial business case	High	High	<p>Ensure RSB and SFC inform and support development;</p> <p>Establish agreed baseline;</p> <p>Ensure open and transparent sharing of data by each merging entity;</p> <p>Stability funding required for both merging organisations until the end of next financial year 20/21. Shetland College/train Shetland are asking SIC for £1.5m for financial year 20/21 and NAFC are seeking support of £600,000 between now and the end of financial year 20/21. Transitional funding post-merger is set out in the MMBC</p> <p>Robust analysis of growth potential;</p> <p>Consideration of wide range of options for managing delivery costs;</p> <p>Benchmarking against similar island-based college comparators;</p> <p>Assessment of risks and variables;</p> <p>Sufficient capacity and resource to undertake work to time;</p>	<p>High</p> <p>Past experience of conflict over data and assumptions;</p> <p>Previous lack of transparency;</p> <p>Financial vulnerability of merging parties;</p> <p>Challenge: small size of merging entities and high costs of island setting;</p> <p>Local political decision re final case and implications for staffing;</p> <p>Long term impact of incorrect financial case.</p>

			External support, scrutiny and contribution when required; Board and respective governance of merging entities given time and support to agree outcome, with sufficient evidence to reach decisions.	
Unincorporated / Incorporated status	Medium	Medium	Ensure all Board members have sufficient information to decide; Ensure UHI and SFC support agreed position Ensure effective communications with internal and external stakeholders	Medium EIS action vigorous and persistent; Reputational impact of campaign to wider stakeholders/future funders; Financial impact of incorporation
External stakeholders				
Loss of customers/income	Medium	High	Engage with all employers, companies and existing companies to promote benefits of merger; Maintain proposals, tenders and marketing to secure immediate and future income; Provide contractors and sponsors with clear process for transfer of contracts; Ensure staff are fully briefed.	Medium Some funding actions already postponed; Delayed action on student accommodation + new mainland course providers will impact on sponsors unless communication robust
Impact on students				
Loss of students to mainland / other providers	Medium	High	Engage with all schools and local media to promote benefits of merger; Maintain marketing and strengthen links with UHI marketing; Provide potential students with clear process on effects of merger on course choices; Ensure staff are fully briefed and on message.	Medium Already local concern re courses being maintained in future Reduction in students enrolling critical to business
Staff				
Loss of high potential staff due to uncertainty	Medium	High	Consistent and persistent staff engagement Maintain staff development and staff links with UHI opportunities;	Medium Historic uncertainty

			Use external HR advice to develop staff structures and ensure correct process for consultation, restructuring and TUPE; Manage communications around restructuring to keep staff informed; Follow due process for staff and union consultation; Ensure financial case minimises impact on staff numbers.	
Staff morale	Medium	Medium	Consistent and persistent staff engagement; Maintain staff development and staff links with UHI opportunities; Involve staff in merger preparation working groups and implementation.	Medium Historic uncertainty
External Factors				
COVID 19	High	High	Engage with sector groups in reviewing impact and mitigation Participate in UHI planning and mitigation activities Participate in SIC planning and mitigation activities Maintain contact with employers Maintain contact with Schools Consider provision of new courses to meet changed demand (for e.g. pre-apprenticeship courses) Focus on marketing and engagement	High Uncertainty of restart of activities for income generation Uncertainty over recruitment for 2020-21 Uncertainty of additional costs of 'socially distanced' delivery Uncertainty over young people's behaviour in response to crisis Likely extremely competitive behaviour by other HEIs Likely high impact on businesses and their engagement with apprenticeships and other training
BREXIT	High	Medium	Diversify funding sources for some activity (research for example) Seek alternative funding for exchange programmes	Medium Uncertainty over the possibility of 'hard exit' Uncertainty over impact on business