

Transition Board – Shetland Merger Project

Committee	Transition Board – Shetland Merger Project
Subject	Update on steps to merger
Action requested	<input type="checkbox"/> For information only <input checked="" type="checkbox"/> For discussion <input type="checkbox"/> For recommendation <input type="checkbox"/> For approval
Brief summary of the paper	Paper provides a summary of recent activity and progress on steps to merger as identified in TB2020-31 for Board consideration.
Resource implications [if yes, please provide detail]	Yes Includes letters on funding for new College
Risk implications [if yes, please provide detail]	Yes Risks to merger progress associated with failure to complete key tasks on time
Date paper prepared	19-Apr-21
Date of committee meeting	21-Apr-21
Author	Jane Lewis
Equality and diversity	No
Status	Non-confidential
Freedom of Information Can this paper be included in 'open' business?*	Yes
Status following the meeting	

Context

This paper follows on from a paper presented to the Transition Board in December 2020 (TB2020-31) and the update provided at the last Transition Board from the SFC. It seeks to set out recent activities, to summarise progress since December and note the future activities required to vesting.

Funding letters

Following the last Transition Board as indicated a meeting was held between UHI and SFC and subsequent to that a letter was provided by SFC to UHI (TB2021-14 SFC letter to UHI Vice Chancellor - 22 Mar 2021) and a letter from UHI to Shetland UHI (TB2021-14 Letter to Jane Lewis regarding Shetland merger SFC funding). These letters were reviewed at Finance and General Purposes sub-committee. An exercise to reforecast the budget figures (as requested by SFC) is now underway.

SFTCT update

Following an SFTCT meeting a letter has been received by Shetland UHI (TB2021-14 NAFC Letter to Shetland UHI). It refers to the decision taken at an earlier SFTCT meeting (17th December 2018):

'In considering the potential future challenges to funding, Trustees made a clear and unequivocal decision to merge, in principle, with Shetland College and Train Shetland; this decision was taken on the basis of clear legal advice and in consultation with the Scottish Funding Council and UHI and is subject to Trustees being satisfied on the following points:

- 1. The terms of the constitution of the new charity must carry forward the objects of the Trust and will allow for three representatives of the Shetland seafood sector on the new Board;*
- 2. The position with regard to the cessation costs of pension for SFTCT, including deferred and active pensioners, will be clarified to ensure that there is no ongoing liability to the Trust;*
- 3. The financial modelling and future funding/sustainability of the new charity will demonstrate an improved position over the current situation; and*
- 4. The make-up, objectives, roles, and responsibilities of any Project Management team and/or Shadow Board all to be agreed by NAFC, Shetland Islands Council, Scottish Funding Council and UHI.'*

As indicated in the letter only point 2 remains outstanding. Work continues through legal advisors to satisfy this point and, as previously advised to the Transition Board, follow up on the admission to the LGPS will go to F&GP sub-committee as soon as this is available.

Joint Management

A Joint Senior Management Short Life Working Group has been established to bring together the Senior Management Teams of the organisations involved in the Shetland colleges merger to facilitate communication, timely agreement on, and decision making in regard to future activities of Shetland UHI.

Workstreams

Separately reported (TB2021-15 MWG April update) are the activities of workstreams that have been developed for various activities required for the new College. With a truncated phasing of transfers the development of activities related to Finance and HR workstreams will be challenging. A process is underway to identify gaps and resource required for successful completion.

The board is invited to review these activities and note the revised timeline.

Table 1. Activities to Merger (updated from TB2020-31)

Activity	NAFC Marine Centre	Shetland College/SIC	Shetland UHI
Confirmation of Shetland UHI's Charitable Status			Complete
Assurances on Shetland UHI's future funding and sustainability			Complete
Confirmation that Shetland UHI has suitable banking facilities in place			Complete
Confirmation that Shetland UHI is an assigned partner of UHI			Approval received for partner status within UHI when a transfer is made into the new College. Assigned status will not be achieved until after vesting but all requirements being addressed in formation of Shetland UHI
Assurance that all necessary systems, processes, policies and procedures necessary for the effective operation of Shetland UHI and support of staff are in place	Contribution of staff to development of shared systems (finance, HR, academic admin etc.) and ways of working	Contribution of staff to development of shared systems (finance, HR, academic admin etc.) and ways of working	Facilitation of workstreams to develop shared systems (finance, HR, academic admin etc.) and ways of working
Updated Due Diligence information	Information complete	Updated information uploaded	Initial review of all information complete
Details of assets and liabilities transferring to Shetland UHI	Lists to be provided	Lists to be provided	Review of information and taking action as required
Merger Agreement/Asset Transfer Agreement	In draft	Requirements to be provided	Review of and approval of agreements
Timescale for TUPE process	To be informed	Timescales identified TB2020-19	Drafted to support timescales identified by joining organisations

Annex 1

College Merger Timeline – A Staged Approach V4

Introduction

The latest update received from Scottish Funding Council (SFC) indicated that ministerial approval was not required for formation of Shetland UHI as it is currently constituted. As such the Scottish Parliamentary elections should not provide any interruption to process. Following receipt of confirmation of funding for the new College through UHI we are working to a vesting date of 30th June for NAFC Marine Centre activities and 31st July for Shetland College and Train Shetland activities.

However, we need to acknowledge the uncertainty due to the Covid 19 pandemic and the recent UHI cyber incident.

The Stages:

1. **Establish the Chair and Board of Shetland UHI** – initially to function as a “Transition Board” with authority to act for the new college through the remaining stages of the transition process. This would include creation of the new board; appointment of an interim chair; and approval of the Memorandum and Articles of Association **(completed)**
2. **Principal Designate and immediate support staff move to Shetland UHI** – second staff from SIC and NAFC to Shetland UHI to establish the executive function of Shetland UHI with staff retaining security of employment through their own organisations until their date of transfer **(in progress)**
3. **Shetland UHI to achieve charitable status and be able to receive charitable funding** – approval of the application to OSCR need to be received as well as banking facilities available – **(complete)**
4. **Merger agreement/Asset transfer agreement in place between SFTC and Shetland UHI (in draft)**
5. **Wind up NAFC transferring all staff and activities under TUPE to Shetland UHI**
6. **Joint management arrangements established between SIC and Shetland UHI**
7. **SIC transfer Shetland College and Train Shetland staff and activities under TUPE to Shetland UHI on the Vesting date of the merged college**
8. **New commercial and partnership relationships between SIC and Shetland UHI established**
9. **Shetland UHI undertake any restructuring including 2nd Tier Management after Vesting**