

## Transition Board – Shetland Merger Project

<b>Committee</b>	Transition Board
<b>Subject</b>	Risk Register for oversight of Shetland Merger Project by Transition Board
<b>Action requested</b>	<input type="checkbox"/> For information only <input checked="" type="checkbox"/> For discussion <input type="checkbox"/> Special Resolution
<b>Brief summary of the paper</b>	The Risk Register has now been updated for Transition Board consideration on a monthly basis as indicated in April meeting.
<b>Resource implications</b> [if yes, please provide detail]	Yes  Risk mitigation may require staff resources from across the existing organisations
<b>Risk implications</b> [if yes, please provide detail]	Yes  The Risk Register outlines the main risks to the progress and completion of the merger process
<b>Date paper prepared</b>	10-Jun-21
<b>Date of committee meeting</b>	16-Jun-21
<b>Author</b>	Principal Designate
<b>Equality and diversity</b>	No
<b>Status</b>	Non-confidential
<b>Freedom of Information</b>  Can this paper be included in 'open' business?*	Yes

**Context:**

The risk register is updated frequently to ensure it reflects the current state of the merger process. The risk register is presented to the Transition Board monthly.

Changes from TB2021-20 May’s register:

- Legal moves from Medium to High. Our legal advisors are concerned regarding timely completion of due diligence in respect of the NAFC Marine Centre
- Transfer of Assets moves from Medium to High. Our legal advisors are concerned regarding timely completion of due diligence in respect of the NAFC Marine Centre
- Merger timeline moves from Medium to High due to ongoing delay in receipt of pensions information and concerns around timely completion of due diligence for NAFC Marine Centre highlighted by our legal advisors
- UHI Cyber Incident has moved from Medium to Low. UHI has issued closing communication for the incident and although rebuilding and recovery continues the risk to the project has reduced.

**Recommendation:**

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

Risk	Probability	Impact	Rating	Mitigation	Risk after mitigation	Movement
<b>Governance</b>						
Membership and leadership	Medium	High		Ensure member retention – positive meetings; clear purpose; Chair leadership; Action: Board training; Chair recruitment; Member feedback; Effective administration;	Low Member retention has been good; Recent success of new Board Member recruitment suggests that there is a great deal of interest in being part of the Board; Board development plan in place All sub-committees identified and most are meeting regularly	

Risk	Probability	Impact	Rating	Mitigation	Risk after mitigation	Movement
				Governance guidance from RSB and SFC; Links to College Development Network Scotland and Colleges Scotland for good practice examples.		
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; Ensure appropriate time and support for Board decisions.	High Roadmap for transfer in place but has slipped; Bi-weekly meetings between Shetland UHI staff and legal team; Decisions (leases, TUPE, restructuring, contracts) have long term impact and could be subject to action/appeals; Legal advice through UHI is in place	
Transfer of assets	Medium	High		Ensure detailed review and understanding of asset transfer lists Ensure clear understanding of any liabilities associated with buildings that are being transferred	High Due diligence portal reinstated January 2021 and information uploaded March 2021, however incomplete and still requires further work;	

Risk	Probability	Impact	Rating	Mitigation	Risk after mitigation	Movement
					Legal advice through UHI is in place – Shetland UHI reviewing diligence information in concert with legal team; Roadmap for transfer in place; Bi-weekly meetings between Shetland UHI staff and legal team;	
Merger timeline	High	High		Ensure RSB and SFC are fully involved in supporting the process; Create appropriate working groups to progress business case and preparation for merger; Inform and consult Board, stakeholders, staff and students on ongoing basis; Establish clear milestones and decision points to which external and internal players commit and work to.	Medium Process for securing SFC funding now better understood and progressing through preparation of re-forecasted budgets; TUPE timelines now in place and underway; Roadmap for transfer in place; Order of events clear, although with short turnaround between vesting dates; Workstreams impacted by uncertainty, COVID-19 pandemic and UHI cyber-incident; Greater clarity around progress and key tasks through reports from Merger Working Group to improve understanding across the Board.	
<b>Financial</b>						
Financial business case	High	High		Ensure RSB and SFC inform and support development;	High	

Risk	Probability	Impact	Rating	Mitigation	Risk after mitigation	Movement
				<p>Establish agreed baseline;            Ensure open and transparent sharing of data by each merging entity;            Transformational funding sought from SFC (decision awaited);            Transitional funding post-merger is set out in the MMBC (decision from SFC awaited);            Finance and General Purposes Committee has reviewed 2019/20 finances for both organisations;            Budget reforecast underway;            Robust analysis of growth potential;            Funding applications;            Ongoing professional development of staff to meet emerging challenges;            Consideration of wide range of options for managing delivery costs;            Benchmarking against similar island-based college comparators;            Assessment of risks and variables;            Sufficient capacity and resource to undertake work to time;            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.</p>	<p>Process for securing SFC funding now better understood and progressing through preparation of re-forecasted budgets;            Finance and General Purposes Committee in place and meeting monthly;            Challenges related to small size of merging entities and high costs of island setting;            Challenges relating to changes in the nature of learning, through the impact of C-19 and wider trends;            Long term impact of incorrect financial case.            Community Renewal Fund application has progressed to Stage 2</p>	
<b>External stakeholders</b>						

Risk	Probability	Impact	Rating	Mitigation	Risk after mitigation	Movement
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 Plans being developed though workstream activity to ensure effective communication with all customers of existing organisations; Business development activity underway across a number of fronts including engagement with new and emerging industries; Uncertainty around COVID-19 recovery may have an impact, but signs are positive that Shetland is in a favourable position compared to other areas	
<b>Impact on students</b>						
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 information 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 student numbers; Potential that COVID-19 pandemic could lead to more interest in local study options; Student communications plan developed in conjunction with HISA and Student Support Services	
Student engagement	Medium	High		Regular meetings with HISA representatives; Student Directors on Transition board; Regular meetings with class representatives; Information sharing via Colleges News	Medium Recognised need to improve student engagement to help shape Shetland UHI	

Risk	Probability	Impact	Rating	Mitigation	Risk after mitigation	Movement
					Student communications plan developed in conjunction with HISA and Student Support Services	
<b>Staff</b>						
Loss of staff, particularly specialist staff, due to uncertainty	Medium	High		Consistent and persistent staff engagement and communication; Maintain staff development and staff links with UHI opportunities; Use external HR advice to ensure correct process for consultation, restructuring and TUPE; Follow due process for staff and union consultation; Ensure financial case minimises impact on staff numbers.	Medium HR and Remuneration Committee now in place; Historic uncertainty	
Staff morale	Medium	Medium		Consistent and persistent staff engagement communication; Staff team-meeting attendance by Principal and Projects Officer; Maintain staff development and staff links with UHI opportunities; Involve staff in merger preparation working groups and implementation. Informal meetings running across merging organisations	Medium HR and Remuneration Committee now in place; Historic uncertainty	
<b>External Factors</b>						
COVID 19	High	High		Engage with sector groups in reviewing impact and mitigation	High Uncertainty around full restart of activities for income generation;	

Risk	Probability	Impact	Rating	Mitigation	Risk after mitigation	Movement
				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); Prepare to tailor portfolio to meet upskilling/reskilling demand; Focus on marketing and engagement; Partnership effort to assess skills needs within Shetland economy	Uncertainty over recruitment; Uncertainty of additional costs of 'socially distanced' delivery; Uncertainty over young people's behaviour in response to crisis; Competitive behaviour by other HEIs; High impact on businesses and their engagement with apprenticeships and other training	
BREXIT	High	Medium		Diversify funding sources for some activity (e.g. research) Seek alternative funding for exchange programmes	High Uncertainty over long-term impact on local businesses	
UHI Cyber Incident – ongoing impact	High	Medium		Regular communication with local ICT staff and UHI ICT operations colleagues; Will have an impact on merger timeline, but unclear to what extent presently; SC/TS ICT Team progressing merger-associated ICT changes during rebuild from incident UHI have issued closing communication	Low Impact on merger timeline will continue to be closely monitored to ensure swift mitigation where required	