

Transition Board – Shetland Merger Project

Committee	Transition Board
Subject	Risk Register for oversight of Shetland Merger Project by Transition Board
Action requested	<input checked="" type="checkbox"/> For information only <input type="checkbox"/> For discussion <input type="checkbox"/> Special Resolution
Brief summary of the paper	The Risk Register has been updated for Transition Board consideration on a monthly basis as indicated in April meeting
Resource implications [if yes, please provide detail]	Yes Risk mitigation may require staff resources from across the existing organisations
Risk implications [if yes, please provide detail]	Yes The Risk Register outlines the main risks to the progress and completion of the merger process
Date paper prepared	14-Jul-21
Date of committee meeting	21-Jul-21
Author	Principal Designate
Equality and diversity	No
Status	Non-confidential
Freedom of Information 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 June’s risk register (TB2021-24):

- Risks around Merger Timeline realised – first planned vesting date missed

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
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.	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; Board Secretary in place	
Legal	Medium	High		Secure appropriate and experienced external advice;	High Roadmap for transfer in place, but has slipped;	

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				<p>Develop detailed brief and contract management;</p> <p>Ensure sufficient resource for depth of work required;</p> <p>Ensure clear reporting and decision points;</p> <p>Maintain timeline to which external advice supports decision dependencies;</p> <p>Ensure merging parties support advisors with full disclosure and agree advice conclusions;</p> <p>Involve RSB and SFC to ensure robust scrutiny;</p> <p>Ensure appropriate time and support for Board decisions.</p>	<p>First planned vesting date missed;</p> <p>Bi-weekly meetings between Shetland UHI staff and legal team;</p> <p>Decisions (leases, TUPE, restructuring, contracts) have long term impact and could be subject to action/appeals;</p> <p>Legal advice through UHI is in place</p>	
Transfer of assets	Medium	High		<p>Ensure detailed review and understanding of asset transfer lists</p> <p>Ensure clear understanding of any liabilities associated with buildings that are being transferred</p>	<p>High</p> <p>Due diligence portal reinstated January 2021 and all information uploaded March 2021 – now complete for NAFC and queries with SIC;</p> <p>Board have reviewed diligence summary report for NAFC;</p> <p>Legal advice through UHI is in place – Shetland UHI reviewing diligence information in concert with legal team;</p> <p>Roadmap for transfer in place; Bi-weekly meetings between Shetland UHI staff and legal team;</p>	

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Merger timeline	High	High		<p>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.</p>	<p>High First planned vesting date missed; 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;</p> <p>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.</p>	
Financial						
Financial business case	High	High		<p>Ensure RSB and SFC inform and support development; 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);</p>	<p>High 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;</p>	

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				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.	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; Potential quick wins through future curriculum being explored.	
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 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;	

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					Uncertainty around COVID-19 recovery may have an impact, but signs are positive that Shetland is in a favourable position compared to other areas	
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 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 communication sent out end June 2021	
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 Student communications plan developed in conjunction with HISA and Student Support Services – student communication sent out end June 2021	

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Staff						
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; Some staff have resigned in recent weeks and will not transfer; 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.	Medium HR and Remuneration Committee now in place; 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;	High Uncertainty around full restart of activities for income generation; Uncertainty over recruitment; Uncertainty of additional costs of 'socially distanced' delivery; Uncertainty over young people's behaviour in response to crisis;	

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				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	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	Low Impact on merger timeline will be closely monitored to ensure swift mitigation where required	