

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 drafters 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	03-Feb-20
Date of committee meeting	18-Mar-20
Author	Principal Designate
Equality and diversity	No
Status	Non-confidential

<p>Freedom of Information</p> <p>Can this paper be included in 'open' business?*</p>	<p>Yes</p>
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Recommendation:

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

2) 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; Ensure appropriate time and support for Board decisions.	Medium – decisions (leases, TUPE, restructuring, contracts) have long term impact and could be subject to action/appeals
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;	High Past experience of delays in external input; Financial vulnerability of merging parties;

			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.	Contested nature of operational issues (restructuring; financial case); Complexity of variables and dependencies.
Financial				
Financial business case	High	High	Ensure RSB and SFC inform and support development; Establish agreed baseline; Ensure open and transparent sharing of data by each merging entity; 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 Robust analysis of growth potential; 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.	High Past experience of conflict over data and assumptions; Previous lack of transparency; Financial vulnerability of merging parties; Challenge: small size of merging entities and high costs of island setting; Local political decision re final case and implications for staffing; Long term impact of incorrect financial case.
Unincorporated / Incorporated status	Medium	Medium	Ensure all Board members have sufficient information to decide;	Medium EIS action vigorous and persistent;

			Ensure UHI and SFC support agreed position Ensure effective communications with internal and external stakeholders	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; 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.	Medium Historic uncertainty
Staff morale	Medium	Medium	Consistent and persistent staff engagement;	Medium

			Maintain staff development and staff links with UHI opportunities; Involve staff in merger preparation working groups and implementation.	Historic uncertainty
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