

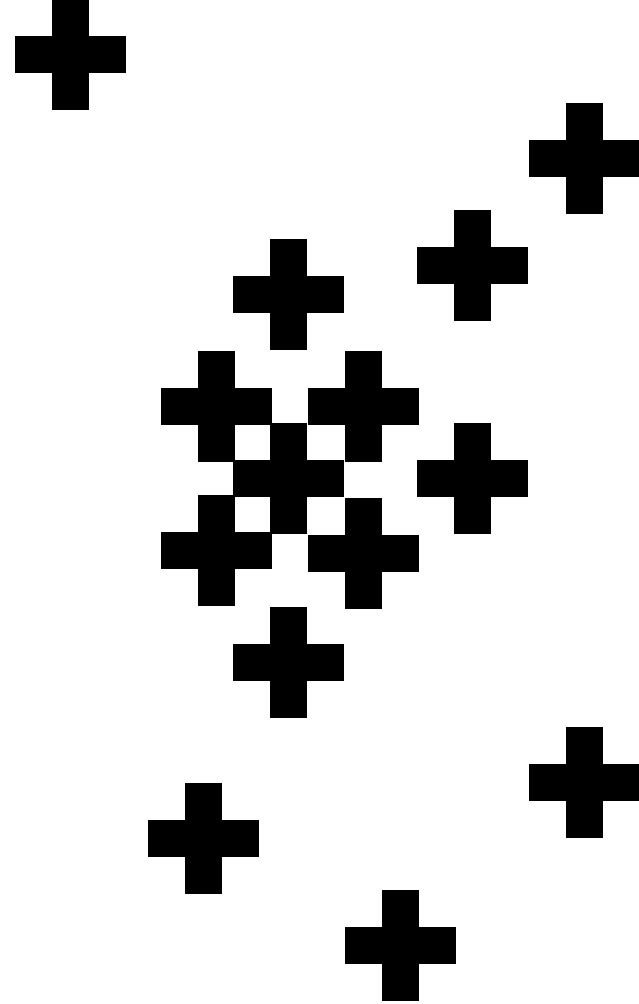
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Risk register 7 financial failure

March 2024

2023-24

**Financial failure/
operating loss
Inability to
achieve a
balanced budget**



Causes

Increased pay costs (national bargaining), pensions and NI contributions

Reductions in income

Efficiency savings not achieved quickly enough to counteract reductions in income

Owner

F&GP; SMG; SMT; Principal; KS;

Actions to minimise risk in place:

Employment controls

Identification and implementation of
efficiency savings

Grow the business through maximising
existing resources

Restructuring/Recovery plan

Close communication with RSB/SFC

Action Plan

Employment controls

Employment costs - Consequence of national agreements. Continued lobbying of SFC/SGOV to mitigate cost of changes through funding support. Regular review of employment cost budget.

Principal/SMT/Heads Section Continuous

Continued recruitment freeze – Where staff leave essential replacement only, through redeployment of existing staff where possible.

Principal/SMT/Heads Section Continuous

Pension Fund - Increased costs through employer contributions. Continue to monitor valuations and keep up to date on any options that may be available. Impact of increased costs likely to be considered when setting/monitoring budgets.

Principal/SMT/Heads Section Continuous

Action Plan

Identification and implementation of efficiency savings

- **Budget Setting** - Income projections and related expenditures budgets examined for sections. Aim to maximise existing resources and identify efficiencies at earliest opportunity.

JL/LB; KS; Delegated Budget Holders; current cycle of meetings to end Sept 2023

- **Budget Control** - Monitoring processes for both income and expenditure. Unexpected over/under income/expenditure identified early. Regular reporting to F&GP and SMG.

KS; Delegated Budget Holders; continuous

- **Identify and implement activities for reducing estates operational costs** to contribute to savings for the college as identified in recovery plan

Estates and Operations/GM/AS

Action Plan

- **New Funding Streams** - Seek new funding streams, to maximise efficiency of existing activities and for new activities to grow business

Heads of Section; SMT; KS; F&GP; Capital Planning Group; continuous

- **Effective use of development grant funding** – maximise the effectiveness of grant awards to utilise existing staff to grow business

Heads of Section/Project leaders

Grow the business through maximising existing resources

Action Plan

- Develop restructuring/recovery plan
- Principal; SMG; F&GP; consultation with staff March 2024

- VSS scheme approval by RSB/SFC
- Principal; KS; KM

Restructuring/Recovery plan

Action Plan

- Sharing of recovery plans as requested
- Principal/SMT/PW/KS February 2024
- Regular reporting of I & E and cash flow forecasts for 2023/24 and FE & HE student activity
- Principal/LB/KS monthly
- Regular meetings to update and further develop plans
- Principal and Chair

Close communication with RSB/SFC

Residual Risk pre-action: **16**

Residual Risk post-action: **12**

Key

RISK MAP (for Gross risk & residual risk)		TIMESCALE 3 YEARS				
IMPACT						
5 - Catastrophic	5	10	15	20	25	
4 - Major	4	8	12	16	20	
3 - Significant	3	6	9	12	15	
2 - Minor	2	4	6	8	10	
1 - Insignificant	1	2	3	4	5	
	1 - Very Rare	2 - Unlikely	3 - Possible	4 - Likely	5 - Almost Certain	
	LIKELIHOOD					

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