

College of Social Work Merger Risk Assessment

Meeting	Interim Board Meeting 12 September Item 08 (Paper 11/08a)
Lead	Dorit Braun, Project Director, The College of Social Work
Status	For discussion and decision.
Decisions	The Interim Board is invited to discuss and comment on the risk assessment in relation to merger with BASW and to make recommendations to the SCIE Board

1. Introduction

1.1 In late 2009, the Social Work Task Force called for the creation of an independent and strong organisation which would represent and support the social work profession. That organisation is The College of Social Work and it is now well on the way to being established. At the same time The College has been working hard to achieve a merger with BASW in the interests of the social work profession as a whole.

1.2 This paper assesses risk in relation to merger with BASW. The background to this assessment is a history of difficulty in constructively progressing merger discussions with BASW despite considerable effort on The College's part. Earlier in the summer a breakdown of trust led to mediation between the two organisations. Despite this The College has continued to try and agree terms for a merger with BASW and had been in discussion over the creation of a new organisation and a new Transition Board. However further difficulties have since arisen. This paper takes stock of the issues in relation to BASW and assesses the risks for The College and the profession in relation to merger. Any risks to The College are of course also risks to SCIE who must account for £5m of public funds to deliver a functioning and sustainable college.

2. Options

2.1 The College has three options in relation to merger with BASW, each of which has associated risks and benefits:

- To proceed with merger discussions.
- To cease merger discussions and proceed alone to create a new legal entity.
- To do nothing

3. To proceed with merger discussions

3.1 To date The College has worked hard to achieve a merger with BASW and has been clear that this is in the best interests of the social work profession. Successful mergers are based on a high level of trust, a shared commitment at the top to make the merger work, and even though negotiations can at times be difficult, clear evidence of constructive progress towards merger.

3.2 Merger discussions with BASW have however been fraught, characterised by inconsistency in approach by BASW from the outset, show little tangible evidence of areas of confirmed agreement and are characterised by a lack of trust which resulted in use of the mediation process under The College/BASW MoU earlier in the summer.

3.3 The key issues that have arisen vis a vis The College's relationship with BASW have been as follows:

- In 2010 BASW registered the name "the college of social work" with Companies House and in early 2011 started using the name - BASW the college of social work. On their website they have recently reverted to using the name BASW. Given that BASW had expressly not been given responsibility for establishing a new college of social work and that we were in the process of establishing a college, it is hard to see the move to register a new name and the use of a new name on their part as anything other than opportunistic and whether intentional or not, inevitably confusing to the social work profession.
- BASW have consistently shown a lack of understanding and indeed an unwillingness to appreciate the principles of good governance. This manifested itself initially in an insistence that the current BASW Chief Executive should assume the role of Chief Executive of the new College. The seven principles of public life enunciated by The Committee on Standards in Public Life – The Nolan Committee standards, Charity Commission guidance and indeed general best practice dictate that open, competitive and transparent recruitment processes should be in place for strong and effective governance. More recently, in discussions over the creation of a new company and establishment of a Transition Board made up of Board members from BASW and The College, BASW have shown themselves to be unwilling to adopt a Board member selection process or use any degree of rigour in selection of Board members. Again, the principles of good governance clearly dictate that Board members are selected on the basis of the skills and experience needed to undertake such a responsible role. This despite the efforts of the Project Director and Independent Advisor to explain the need for a proper process to set up a board that would be responsible for handling public funds. The College makes no judgement about the skills and expertise of BASW Board members, our concern relates to the absence of any kind of transparent selection process against a defined skill set and independent assessment.
- The College will shortly be responsible for distribution of the Social Work Education Grant totalling £27m and the financial stewardship of this is a significant responsibility. Even leaving aside the general importance of robust

governance arrangements, our responsibility for a grant of this size places an even more onerous responsibility on The College to satisfy itself that it feels unequivocally confident that any arrangements it enters into with BASW, transitional or otherwise, are of the highest standards. To do otherwise would be negligent on the College's part.

- The College business model is based on a service level agreement with UNISON and a joint member recruitment campaign in order to gain a critical mass of members right from the start. This agreement is crucial to securing an independently financed College and indeed to the future existence of The College. BASW has consistently expressed a lack of support for an agreement with UNISON and indeed at their AGM in May 2010 BASW members voted for the creation of a new social work union. More recently, as part of the discussions over the creation of a new company and establishment of a Transition Board, BASW have said that they might now support the UNISON deal for college members in England, but want the final agreement to be negotiated by the Transition Board. However they have refused to confirm this support in advance of establishing a Transition Board. In view of the position they have adopted on UNISON, their own previous failure to negotiate a deal with UNISON, the need for them to reconcile this with their own AGM vote in favour of establishing a new social work union, which is being launched on 1 September and which is currently governed and managed by BASW Council and CEO, there is a significant risk that the deal with UNISON will not materialise as no guarantees have been offered by BASW.
- Despite the issues that still need to be resolved Hilton Dawson wrote to Julie Jones on 30th August on behalf of BASW's College Steering Group saying that they are committed to the creation of a UK College of Social Work, are keen to proceed with establishment of the Transition Board and are ready to nominate their three members immediately. He goes on to say "As you know, the Joint Working Group format has not worked well, and we are keen not to repeat the frustrating discussions which led us to mediation. We therefore see no benefit in proceeding with the planned Joint Working Group meeting on 6 September, but would like to move immediately to setting up the first meeting of the Transition Board". Hilton Dawson's response shows no intent to follow any kind of open and transparent process for establishment of the Transition Board or appreciation of the inappropriateness of disbanding the 6th September meeting and moving straight to a Transition Board, given the differences that remain between The College and BASW. It would be naive to think that a new Transition Board, made up largely of the same people, would be better able to get beyond their "different organisational remits", which in his letter Hilton Dawson asserts will happen and represents the best way forward.
- The creation of a new company and establishment of a Transition Board into which SWEG and other College assets would transfer, as would BASW assets, effectively relinquishes College control over its assets but with no real guarantees that the UNISON SLA will go ahead and with no commitment to applying robust and transparent governance standards. At the very least The College would need an exit strategy from such an arrangement in the event that discussions continue to fail to reach agreement, such that it safeguards

The College's assets but also its reputation. It is hard to see how The College could devise such an exit strategy.

3.4 The advantages of continuing to try for merger and establishing the Transition Board are that we are seen to resolve our differences, which is important for the profession, and uniting the profession is our raison d'être. It is also potentially more attractive to a new CEO as it is about building a new unified UK College.

3.5 However BASW have shown themselves to be inconsistent and inappropriate in their approach to merger discussions with The College and it is questionable whether based on past and indeed current behaviours they can be trusted moving forward. Moreover, throughout this process the only constructive discussions have been with two members of BASW staff, they have not been with the Chair or Chief Executive, and the two staff members have no ultimate authority to deliver. Added to which, the process to date has been extremely time consuming, distracting and unpleasant for The College.

3.6 Risks

The major risks to The College of proceeding with merger discussions and establishing a Transition Board are that:

- The College fails to successfully achieve its purpose in building a new College of Social Work because progress in doing so is stalled by unsuccessful attempts at merger.
- There is a consequent risk of damage to our reputation, our leadership role and to the reputation of the profession as a whole.
- UNISON will not sign the SLA with The College until the merger is resolved finally one way or another or may get cold feet and call off the deal. This puts The College business model which is based on the SLA with UNISON at risk and hence the entire viability of The College.
- In the event that a Transition Board is established on the basis proposed by BASW, The College effectively relinquishes control of its assets with no guarantees in relation to their stewardship.

Additional risks are that:

- UNISON stay in discussion with us but our timetable for services to members to be up and running by 1st January is not met - our reputation with the profession is damaged and we are seen as weak and unable to proactively deal with the BASW issues.
- Even if the SLA is subsequently signed with UNISON we may have lost credibility with members.
- The Project Director may not be acceptable to BASW to drive this process – although this is mitigated by using an agreed and highly experienced independent facilitator.
- The Project Director is less focussed on TCSW – although this is mitigated by buying more support for building membership services as necessary.

4. Cease merger discussions and proceed to build the new entity

4.1 We would prefer not to be in the position of proceeding to build a College of Social Work without BASW, and every effort has been made to achieve merger. However the risks of continuing to attempt to negotiate merger are significant as set out under paragraph 3. The advantages of no longer proceeding with merger discussions are that:

- All effort will be focused on building The College and delivering on our primary remit.
- Control of assets and stewardship remains with The College.
- The SLA negotiations with UNISON continue to proceed constructively resulting in an agreed and signed SLA, the business model is formed and the timetable for member services to be in place proceeds to plan.
- The College is seen by the profession to have taken a decisive leadership role.

4.2 Risks

The risks of this approach are that:

- The profession is split – this is likely to be a short term rather than long term risk if membership recruitment plans are successful, quality membership services are delivered on time and The College successfully positions itself as a leader in the field. This risk is also mitigated by ensuring that the constitution of The College enables BASW to opt in to merge with it at a later date, and reaffirming our commitment to enable any and all organisations with social workers in membership to join The College should they choose
- The College will only operate in England initially – this is mitigated by developing strong working relationships with each of the devolved administrations, and agreeing a process to consider how best the College could evolve into a UK wide organisation over time.
- Ongoing relationships will be required with BASW and these will then be even more unpleasant and difficult.

5. Do Nothing

5.1 To do nothing is not really an option in reality as discussions have been underway for some time, but nevertheless it is worth at least noting the implications of adopting this approach. The key advantage to this approach is that it involves less effort for the Project Director and her effort can therefore be focussed on The College alone. However the risks considerably outweigh any benefits.

5.2 Risks

- If no leadership is given the process will stall and this will adversely affect The College's reputation in member eyes.
- The College will have no control over timing during a stalled process and there would be a risk of drift – this is mitigated by having a launch seminar in November which provides a time limit.
- The PR fall out is harder to manage if this is not an active decision.
- UNISON are unlikely to feel reassured by such an approach.

6. Conclusions

6.1 The College has been charged with responsibility for building the new College by Government and whilst it could have given this responsibility and the start up funds to BASW it chose not to do so. At the end of the day The College has a responsibility to deliver on its objectives and to do so within an already agreed timescale.

6.2 In the interests of the profession The College has been working hard for some considerable time to achieve a merger with BASW. However, we do not share a clear view of what we are trying to achieve, of how it can and should be achieved, and we do not trust each other. The basic principles of good governance and an understanding of what constitutes a viable business model seem not to be understood or recognised by BASW. Strong governance and business models are two of the basic foundations on which effective and viable organisations are built. In addition BASW has consistently failed to demonstrate consistency in their approach to the merger discussions. The College has repeatedly found that just as it thought real progress was being made, the ground had again shifted. Trust is one of the essential foundations on which mergers are achieved.

6.3 Whilst ideally we would not want to be in this position, the risks and distractions of continuing to attempt to negotiate a merger and to establish a Transition Board with BASW far outweigh the risks of moving forward without a BASW merger. In doing so we mitigate our risks by carefully managing the timing and communication of this and by continuing to build The College in such a way that:

- Enables BASW or any other relevant social work organisation to join The College at some/any point in the future.
- Enables The College to ultimately be a UK wide College.
- Makes the above clear to the profession and publicly and positions The College in a leadership role.
- Does not derail the delivery of College services for 1st January 2012.
- Enables signing of the SLA with UNISON at the end of October, to be launched with The College launch plan.

6.4 A risk register is attached at Appendix 1. This highlights that none of the options are risk free, however continuing to pursue merger discussions represents the highest risk level of all for The College.

RISK REGISTER								
Risk Category: Risks to the College re: BASW merger								
Risk	Description	Impact	Probability	Total	Contingency plan	Owner	Status	Last Reviewed
1.	Proceed with merger discussions					Project Director		31 st August 2011
1.1	The College fails to successfully achieve its purpose in building a new College of Social Work because progress in doing so is stalled by unsuccessful attempts at merger	5	5	25	There is little by way of contingency planning for this that has not already been attempted short of ceasing merger negotiations			
1.2	There is a consequent risk of damage to our reputation, our leadership role and to the reputation of the profession as a whole	5	5	25	Actively managed with PR advice			
1.3	UNISON will not sign the SLA with The College until the merger is resolved finally one way or another or may get cold feet and call off the deal. This puts The College business model which is based on the SLA with UNISON at risk and hence the entire viability of The College	5	4	20	Keep discussions open with UNISON and continue good relationship management			

1.4	In the event that a Transition Board is established on the basis proposed by BASW, The College effectively relinquishes control of its assets with no guarantees in relation to their stewardship	5	5	25	The College would need an exit strategy that safeguards its assets and reputation but it is not clear how that could be achieved			
2.	Cease merger discussions and proceed to build the new entity					Project Director		31 st August 2011
2.1	The profession is split	4	4	16	<p>Likely to be a short term rather than long term risk mitigated by successful establishment of The College.</p> <p>This risk is also mitigated by ensuring that the constitution of The College enables BASW to opt in to merge with it at a later date, and reaffirming our commitment to enable any and all organisations with social workers in membership to join The College should they choose</p>			

2.2	The College will only operate in England initially	5	3	15	Mitigated by developing strong working relationships with each of the devolved administrations, and agreeing a process to consider how best the College could evolve into a UK wide organisation over time			
2.3	Ongoing relationships will be required with BASW and these will then be even more unpleasant and difficult	4	3	12	Mitigated by maintaining minimum necessary contact professionally			
3.	Do Nothing							31 st August 2011
3.1	If no leadership is given the process will stall and this will adversely affect The College's reputation in member eyes	4	4	16	Appropriate and clear messages would need to be given by The College			
3.2	The College will have no control over timing during a stalled process and there would be a risk of drift	4	4	16	Mitigated by having a launch seminar in November which provides a time limit.			
3.3	The PR fall out is harder to manage if this is not an active decision	4	4	16	Actively managed with PR advice			
3.4	UNISON are unlikely to feel reassured by such an approach	4	5	20	Keep discussions open with UNISON and continue good relationship management			