Realising the Potential of Scotland’s People: Scotland’s Colleges’ Response to the Pre-Legislative Consultation Paper

Putting Learners at the Centre
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1. **Scotland’s Colleges’ Statement**

*Scotland’s Colleges* exists to support, represent and promote Scotland’s college sector. We present this response to the pre-legislative consultation paper on *Putting Learners at the Centre* as the agreed position of *Scotland’s Colleges’* Principals’ Convention and Chairs’ Congress (joint meeting Tuesday 29 November 2011).

2. **Foreword**

The Scottish Government published a pre-legislative consultation document in September 2011: *Putting Learners at the Centre: Delivering our Ambitions for Post-16 Education*. The college sector appreciates the opportunity to consult and shape the wider post-16 education landscape through this response document.

Scotland’s colleges play an integral part in the Scottish learning system by improving life chances for those from disadvantaged backgrounds and helping those furthest away from the labour market move towards employment. They also offer a clear pathway to higher education (HE) for those who wish to take it. They are a critical part of an integrated system of learning which covers school, training, college, university and work. Colleges are Scotland’s key provider of skills; they work in close partnership with Scotland’s employers to deliver the skills training in key sectors which employers and the economy needs. By working hand-in-hand with industry, our skills and education programmes are relevant, up-to-date and significantly improve the employment prospects of all of our learners.

Scotland’s colleges are also at the heart of communities across Scotland – often in areas poorly served by other educational provision. They offer opportunities and help to rebuild people’s lives to the benefit of the individual as well as their families and wider community. They play a major role in social inclusion, taking in disproportionate numbers of lone parents, mature students and people from the most deprived postcode areas. They deliver community learning, civic spaces and also contribute significantly to local employment opportunities.

There are currently approximately 20,000 staff employed across Scotland in our colleges (58% are female), contributing to local economies and communities. In the academic year 2009-2010, there were over 345,000 students studying in colleges across Scotland’s 41 colleges and 166 campus buildings. The average age of a college learner was 29 years old; 55% of learners were female; and 23% of learning activity was at HE level. In 2009-10, 31% of teaching activity was for students from Scotland’s most deprived postcodes; and with flexible approaches to delivery, over 34% of all learners attended on a part-time basis.

Scotland’s colleges are committed to meeting the needs of the learner and are keen to work in partnership with the Scottish Government to implement change which delivers enhanced opportunities for Scotland’s learners.

3. **Executive Summary**

- Since the publication of *Putting Learners at the Centre*, the reform agenda has already started to move rapidly forwards. The plan for implementation of the proposals has been published, along with suggested regional groupings; an initial fund for transition has been proposed; and recommendations for a new college governance structure are expected shortly.
The changes in these proposals would see Scotland's colleges fundamentally altered within the next three years. Almost every aspect of the sector would be affected from their structure to how they are governed, who they serve to how they are funded. It is, therefore essential, that we get it right as those changes must stand the test of time.

Planning for Successful Change: we understand the financial climate in which the colleges, like others, now exist. We also, therefore, understand the Scottish Government's desire to move forward at a rapid pace to deliver the benefits from reform. Colleges are committed to reform. At a meeting of sector chairs and principals on Tuesday 29 November 2011, there was unanimous agreement that change can be achieved in the three year timescale sought by the Scottish Government. However, there was also agreement that colleges do not believe the timetable of change, with the new regional structure and a new funding model in place from 2012-13, is practical or achievable.

Next year's college curriculum is being planned now and students will be taking up places from the New Year. It is self evidently the case that the plans for 2012-13 do not reflect any agreement with partners for regional delivery. That process will not be possible to achieve for the coming academic year due to: the college planning cycle; the uncertainty on which college partners will be involved in the regional grouping; the structural model that may be adopted by that region; as well as the funding model for provision still also under consultation.

We, therefore, propose an alternative timetable to see these changes take place from 2013-14; still an ambitious timescale for a reform of this scale.

Defining College' Core Purpose and Public Value: in moving towards a new reformed sector, colleges want to ensure we do not undermine our own perceived core purpose and value. Colleges support people of all ages and backgrounds, both in and out of work. The proposed focus on young people, while important, should not divert from that wider purpose in providing a breadth of opportunity and supporting skills and economic development.

Securing Opportunity for All: in a reduced funding environment the impact of concentrating resources on young people could fall disproportionately on some of the most vulnerable learners that we serve, who often have few alternatives open to them.

Provision among young people tends to be full-time; clearly more resource intensive compared to those over 24 years old who are more likely to be part-time. The costs of supporting more young people would have a disproportionate impact on part-time provision, particularly when resources will be significantly constrained. It is possible that this would be most disadvantageous to female learners, who make up the majority of students in colleges, study at a later age and are generally older than male counterparts, often reflecting a return to learning after having children.

For those in deprived communities, colleges are often the only way to access HE, particularly among mature students. The Scottish Government has made a clear commitment for free places for students to access the same level of study at university, and that should also hold true for those seeking HE in colleges.

Of particular concern is the important provision for those with the most profound and complex needs, who often take courses that would not lead to recognised qualifications and tend to progress more slowly. The move away from non-recognised qualifications
(NRQs) and the focus on outcomes could present a disincentive for colleges to support this group. Funding for these learners must be protected and their circumstances recognised.

- **Economy and Skills**: colleges’ partnerships with industry provide tailored skills to ensure the economy continues to develop, supporting training and retraining in high growth sectors such as energy. To meet the immediate economic needs for these sectors, it will be essential that adult learners can continue to access re-skilling and retraining opportunities. Additionally, opportunities for employers and colleges to co-invest in skills may be compromised.

- **Improving Retention**: on retention, colleges would be the first to seek improvement. Perhaps the more fundamental point is whether colleges are the same, and should be treated the same way, as schools or universities. The mark of success for a student in college is often not the number of qualifications achieved, but what the learning they have undertaken allows them to achieve. If a student leaves to take up a job, that should not be recorded as a failure, as is currently the case. If colleges are to be assessed and funded against retention, performance indicators should record success more accurately and better reflect the nature of the sector and its learners.

- **Articulation Agreements**: articulation from colleges into universities is the main way in which people from the most deprived backgrounds in Scotland can achieve a degree level qualification. The expansion of such agreements across Scotland should be supported in statute.

- **Regionalisation**: it is appropriate that each region consider its own circumstances in determining the structure adopted for delivery. It is expected that many of those will consider merger as a route forward. There are significant associated costs in restructuring staff, harmonising systems and creating a new body. Colleges will need to be able access financial support throughout that process to make this transition effectively and efficiently.

- **Allocation of Funds to Regions**: as a potential solution in ensuring provision for adult learners, we would propose amending the suggested criteria for regional funding allocations. The indicators proposed in the paper do not account for those aged over 24. We believe the criteria for funding should also include key indicators for older learners to ensure their needs are considered in funding and planning provision. However, it is important that a full equalities impact assessment is carried out before implementing any new formula.

- **Simplification of Funding Methodology**: colleges support a simpler funding measure based on full-time equivalents (FTEs). However, changes in how student numbers are counted should not lead to a reduction in funding for delivering education to those students. One FTE should have equivalent income in raw terms as currently achieved for 20 SUMs for further education (FE) and 15 for HE. A reduction in grant should be reflected in a reduction in activity, or it risks an adverse impact on quality.

- **Regional Structures and Accountability**: the new model of governance should enable responsible and autonomous management of colleges. We would be concerned if the sector were to adopt a model akin to public bodies. In moving forward with new structures, it is essential that charitable status – a key part of the ethos of colleges – is not threatened.
• To be successful, the regional agenda must progress in a way that allows transition to be planned. Introducing regional funding allocations and regional governance before structures are in place would hinder rather than help the achievement of early progress.

• **Outcome Agreements:** Scotland’s colleges support the development of outcome agreements and, in broad terms, agree with the proposals for their negotiation and assessing performance. However, we believe that the target to have in place agreements for the next academic year by April 2012 is extremely challenging. The sector would also be agreeing to outcomes that were not known or planned for when decisions on provision were being made. With so many unresolved change proposals, any agreement should focus solely on plans for developing regional structures.

• **Supporting the Cost of Change and Transitional Arrangements:** we welcome the initial £15 million announced in a Transformation Fund for the sector for 2012-13. However, some colleges are significantly more advanced than others in plans for regionalisation and not all will know the support required in such a short timeframe. It is important that all regions are able to access the necessary support to make reform work. We, therefore, believe this fund will need to be kept under review to ensure support is available over the full three year reform period. The criteria applied for support must ensure a fair use of the funds where key determining factors, such as current staffing levels, are given the appropriate weighting.

• Funding for structural change does just that – change structures. It will support staff severance, systems harmonisation and other necessary costs in merger or collaboration. This fund cannot guarantee to protect places. We, therefore, look forward to early engagement with the new Minister for Youth Employment on how the £30 million announced in support of initiatives such as *Opportunities for All* will help protect places for vulnerable learners.

4. **Introduction**

Scotland’s colleges embrace change; continuing improvement; and can build on the experience of successful mergers, collaborations and more formal partnership models. As agreed by both chairs and principals of Scotland’s colleges, we commit to support the Scottish Government to:

• Secure a successful regional network of colleges within a ***three year time frame***.
• **Lead successful implementation of regional structures** placing learners and local economies at the centre.
• Work with the SFC to secure **simple, transparent and flexible funding solutions** within the three year timetable.
• Recognise the changed financial circumstances in which the work of the sector has to move forward and we would seek to support any change that **drives efficiency and minimises bureaucracy** enabling **greater spend on learning and learners**.
• Promote the role of the sector in developing skills and knowledge for the economy and building capacity in communities. We will therefore strive to meet the needs of Scotland’s **young people**, however, we must also ensure colleges’ core role includes **lifelong learning**, **economic development and skills and workforce development**.
• Ensure we build on change in the college sector and **maximise opportunities for efficiencies and simplification** in other areas of the **public sector**; significantly adding value and improving returns on investment.
• Secure **Opportunities for All**, but believe all learners in Scotland should have access to the education and skills they need to succeed on an equal basis without disproportionally affecting any vulnerable groups in our communities.
• Maintain the principles of college governance: openness; transparency; accountability and responsible autonomy.

However, reform of the college sector cannot be considered in isolation and must reflect the unprecedented financial situation in which Scotland’s colleges are currently placed. Having made efficiencies to absorb a 10.4% funding cut over the 2010-2011 academic session, the Scottish Government announced in its 2011 spending review a further 14% cut over three years. In real terms we calculate the cuts to be in the region of 27% (between 2012-2015) with a particular concern that the budget is ‘front-loaded’ with a cut of approximately 13%. Implementing significant change within this restricted financial settlement will be challenging.

5. Planning for Successful Change

5.1 Primary Risks

Scotland’s colleges support many of the objectives outlined in *Putting Learners at the Centre* and believe that it is largely achievable in the three year timescale identified. We have identified the following primary risks:

(i) Learners across Scotland are considering their options already for 2012-13, accessing our prospectuses and applying for programmes. Moreover, many of our current students aspire to progress to a HE level of learning with us. The SFC must indicate to colleges directly their funding settlement for 2012-13 in December 2011 to secure a fair service to learners currently in and about to enter the system.
(ii) The scale and phasing of funding cuts is not a financial settlement that will secure effective change and reform. Following a 10.4% cut in funding in 2010-2011, further saving will mean a reduction in learner provision, places, courses and staff numbers.
(iii) We must allow time to determine the impact of changes to funding methodology, scrutinising the implications for learners, communities and employers. If we are to implement a new distribution model and methodology, it is critical we plan effectively and get it right. Any change must stand the test of time.
(iv) The Scottish Government’s consultation papers do not recognise the critical role colleges play in delivering skills for a successful Scotland. The Scottish Government articulates the ‘core purpose’ of colleges to be meeting the needs of vulnerable young people. Clearly to secure economic growth, colleges must be funded to deliver the skills for our economy and meet the needs of industry. The real risk is a significant skills gap and impact on Scotland’s ability to reach its economic potential. Furthermore the proposed change in college priority will also reduce industrial co-investment in skills and training.
(v) Finally, the pace of change does not allow for a comprehensive impact assessment to be undertaken. The Scottish Government must consider its obligation to equalities impact assess these proposals.

5.2 Implementing Change

In order to minimise the impact on our learners and to deliver a sustainable and successful outcome, we strongly recommend that the Scottish Government follows the timetable for change outlined below:
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<td>December 2011</td>
<td>The SFC announces the volume and funding allocation for 2012-13 to each college, based on their existing funds with any cut uniformly applied across the sector.</td>
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<td>January 2012</td>
<td>Outcome of consultation exercises published, impact assessed and comprehensive review of funding methodology commences. SFC should release demographic data and analysis, and engage in dialogue with the sector in securing a distribution model.</td>
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<td>April 2012</td>
<td>SFC advises regions of likely funding allocations for 2013-2014. Regional groupings of colleges develop outcome agreements for 2013-2014 including: (i) plan and timescale for regional structures (ii) regional curriculum delivery plan (iii) regional governance arrangements.</td>
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<tr>
<td>July 2012</td>
<td>Revised funding methodology for implementation in 2013-2014.</td>
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<tr>
<td>September 2012</td>
<td>SFC should announce the indicative volume and funding allocation to each region for 2013-14 applying new methodology.</td>
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<tr>
<td>September 2012 to July 2013</td>
<td>Procurement and development of management information systems and adaptation of college SFC administrative processes.</td>
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<tr>
<td>August 2013 to 2014</td>
<td>Implementation of regional allocations and a simplified funding methodology.</td>
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We believe that the incorporation of the milestones suggested above, together with the revised phasing proposed, will maintain the pace of change and a successful transition to regions in the timescales identified becomes more achievable. The regional agenda has already gained the sector’s support. Acceptance of the changes proposed will add confidence to the sector’s commitment to deliver that outcome.

### 6. Defining Colleges’ Core Purpose and Public Value

The Scottish Government and the SFC prioritise only one element of Scotland’s colleges’ portfolio of services i.e. to young people, within their consultation documents. Scotland’s colleges aspire to meet the needs of our young people by securing learning and training opportunities for them that lead to employment or further study. However, we bring learning to people of all ages, backgrounds and employment status. This diversity reflects the nature of Scotland’s people and communities, and helps to bring those furthest from work closer to the labour market. We work with partners to secure positive opportunities for young people with 35% of enrolments and 65% of all activity delivered for those under the age of 25. The average age of a college learner is, however, 29. We deliver over 95 million learning hours to young people, but we also work to deliver Opportunities for All, and to secure a skilled workforce for our regional and national economies.
Scotland’s colleges have close links with industry that place us at the centre of economic development and regeneration. We also provide a unique and valued service to many of Scotland’s key industries. In 2010-2011, there were over 21,500 modern apprentices learning within a college environment. We deliver skills and learning for many of Scotland’s key sectors.

If Putting Learners at the Centre is implemented as outlined in the consultation paper, there will be risks as funding is redirected and refocused away from skills and the economy to concentrate on 16-19 year olds not in education, training or employment. As colleges, we have worked hard to provide the skills and training needed for the growth of the economy to all comers, of all ages, providing the skills and education our learners need to get a job, keep a job, or get a better job.

Scotland’s colleges play a particular and significant role in securing a successful Scottish economy. Colleges generated almost £100 million of additional income (SFC Further Education Statistics 2009-2010) in addition to their SFC allocations. However, we estimate the potential loss in co-investment to be as great as £37 million per annum, if the cuts and policy change are implemented as outlined. While we support the priority given to ensuring the future for our young people, we would need to retain the flexibility to allow colleges to provide learning opportunities for other learners who are also vital to the regional economy.

7. Regionalisation
7.1 Regional Reorganisation

Scotland’s colleges recognise the changed financial circumstances in which the work of the sector has to move forward and is keen to support any change that drives efficiency and minimises bureaucracy enabling greater spend on learning and learners. Scotland’s colleges will work with the Scottish Government and the SFC, leading successful implementation of regional structures that place learners and local economies at the centre of our planning and delivery. Scotland’s colleges embrace the opportunity to lead the development of strong regional groupings of colleges, acting strategically to improve skills in their areas and across Scotland as a whole. In this response from the sector we will not comment on the regional alignments of individual institutions – this is for college teams to determine and feedback. Scotland’s colleges have identified criteria that must be considered in shaping regional affiliations – in short we must put learners and learning at the centre of these decisions. These are:

1. Regionalisation should create college groupings of scale, able to plan regionally and deliver locally across Scotland.
2. Regional groupings should be, where possible, mapped to local authority boundaries and to other administration areas e.g. Scottish Enterprise, Skills Development Scotland (SDS), NHS, Jobcentre Plus etc
3. The future map of college groupings in Scotland should be in the main driven by learner need and efficient curriculum delivery. To secure cohesive curriculum maps preventing duplication and widening access, college groupings should be determined on patterns of learners’ study and travel-to-learn evidence.
4. We believe the strategic role of colleges in the new regions requires a stronger emphasis and recognition by partners and existing structures such as Community Planning Partnerships if we are to fully respond to regional and national need.
At a meeting of sector chairs and principals on Tuesday 29 November 2011, there was **unanimous commitment to the regionalisation process** and a belief that this can be achieved in the three year timescale identified by the Cabinet Secretary.

Four key elements of the regionalisation process were identified and are outlined below:

1. **the re-organisation of Scotland’s colleges into regional structures**
2. **the re-distribution of SFC funding** to better meet the demographic and economic needs of the new regions
3. **the simplification of the funding methodology** to ensure that it is fit for purpose and for changing demand and delivery
4. **changes to the governance structure** of colleges to ensure that appropriate and accountable structures are in place to take forward the new regional structures.

There was also a unanimous view that the correct phasing of the four elements was critical in order to ensure a successful outcome; to **minimise disruption to learners; maintain institutional effectiveness**; and take the opportunity to maximise outputs and efficiencies. In this section we consider the re-organisation of colleges into regional structures.

The sector’s view is that the key to success of the whole regionalisation process is reaching early agreement on the regional structure for each region and moving towards the process of implementing that structure, particularly where mergers may be involved. Early achievement and progress on this key objective will then naturally facilitate a move to regional funding allocations and regional governance and accountability, including the introduction of regional outcome agreements. Trying to introduce regional funding allocations and regional governance before regional structures are in place will hinder rather than help the achievement of early progress.

On average, it can take between two to six years to fully complete any merger depending on the institutions involved; how much they have worked together in the past; and the willingness to effect the merger. The time spent on merger can be substantial for principals, assistant principals’ level and some key support services e.g. human resources (HR), with approximately 50% of their time being absorbed during the process.

See Annex 1 for successful merger case studies and Annex 2 for a list of lessons learned from previous successful college mergers, categorised into strategic processes.

### 7.2 Allocation of Funds to Regions

*Putting Learners at the Centre* proposes that regional planning and funding of college provision should be based on the needs of a region, taking into account the demographics and economy of the region in question. These criteria firmly prioritise funding for young people, ignoring the skill requirements of significant numbers of over-19s who also need opportunities for lifelong learning in order to contribute to the life and economy of Scotland. This priority is consistent with the policy direction articulated in *Putting Learners at the Centre*: “the purpose of our investment in colleges will be to provide people with the skills they need to get a job, keep a job or get a better job and develop a career”.

Scotland’s colleges believe that the regional allocation should be based on the following criteria:

- regional demographics including population
- the numbers of 16-24 year olds not in education, participating in national training programmes or registered as unemployed
• regional indicators of poverty and deprivation including the numbers of people of all ages
  with low qualifications, deprived postcodes, and unemployment figures
• delivery of national specialism/key skills for economic growth
• accessibility of university education
• travel to study/travel to work data – though this is more relevant for some regions than for
  others.

The consultation paper indicated that there will be an impact on those aged over 25
including those attending on a part-time basis and those in employment. We would
recommend that a full equalities impact assessment is carried out before reaching any
conclusion.

In order to facilitate regional alignments, colleges must have early knowledge of the likely
allocation of funding for their region and to be able to consider this as part of the transition
process. They will need to know the potential constraints and opportunities that this
allocation could have in order to identify the strategic implications for the planning of
provision, any rationalisation and the consequent impact this will have on estates, staffing
and the convergence of business processes. However, as well as knowing what the
allocation will be, colleges will need to have time to use the information to negotiate the
achievement of a successful transition to a regional structure. On the journey there are likely
to be disagreements about the appropriate regional delivery model and what and where
provision is delivered. Being asked to implement the allocation in 2012-13 will push boards
to ‘protect’ the interests of their existing students (and individual colleges), rather than focus
on the future needs of the region’s collective learners.

We believe that in April 2012 regions should be advised of their likely regional allocations, for
implementation in 2013-14. This will create a context which supports transition to new
regional structures. The sector view is that there will need to be transitional funding
arrangements in place to ensure that significant redistributions do not destabilise institutions
or disrupt learners. We believe that 2012-13 outcome agreement negotiations should be
informed by the ‘provisional’ regional allocation for 2013-14 and that two required outcomes
would be:

1. to produce a plan and timescale for agreeing and implementing the regional structure
2. to produce a curriculum delivery plan for the region to commence implementation in
   2013/14.

We believe that implementation of the regional allocation in 2013-14 will aid the restructuring
process. It will also ensure that disruption to learners in 2012-13 will be minimised and that
colleges can focus on change.

7.3 Simplification of the Funding Methodology

The cost of delivering different subject specialisms varies significantly. We support a
simplification of the current system, however, believe that it is essential that the SFC work
with colleges to quantify ‘subject-based funding’ variations enabling colleges to provide
comprehensive sustainable portfolios based on regional needs analysis, and not just on
affordability. Scotland’s colleges would also support the reduction in the number of
weightings. We would recommend a joint review of programme grouping and a transparent
cost base exercise to classify programmes or subject areas into a reduced number of
payment bandings.

The Scottish Government aims to simplify the current funding system. Scotland’s colleges
propose that the unit of measurement should be based on converting learning hours to FTE
student places. There are, however, different ways to convert learning hours/credits to
FTEs. Scotland’s colleges are keen to work with the SFC to implement a new and simpler methodology for funding allocation. However, we strongly advise that no change to methodology is implemented until 2013-14 at the earliest to enable adequate modelling and management information systems (MIS) to be set up and staff developed for new processes. Colleges support a simpler funding measure based on FTE. However, changes to the methodology for counting student numbers should not be used to implement a further efficiency gain on the sector. One FTE should result in the equivalent income in raw terms as currently achieved for 20 sums for FE and 15 for HE. The sector strongly believes that the current price should be maintained and that any reduction in grant must be reflected in a reduction in activity.

7.4 Regional Structures and Accountability

We have not identified any options for regional structures in addition to the four identified in the paper. Different regions will be in different circumstances and we believe that it is for each region to identify the most appropriate structure.

We will promote responsible regional autonomy and decision making, through a model of governance which enables local decision making based on the local community and economic needs. We will develop national principles of governance, whilst maintaining the charitable status of the college sector.

7.4.1 Boards

On appointments and remuneration – we would be concerned, given that colleges are autonomous bodies with charitable status, if the sector were to adopt a model akin to public bodies in external appointees. In addition, The Audit Scotland report The Role of Boards highlighted the difficulties of the public appointment process in terms of time and expense, with appointments often unfilled. The college appointment system is cost effective and efficient. To offer more transparency, there could be independent representation on selection panels or an external element introduced in appointing principals and chairs. Best practice advocates that college principals are not involved in the appointment of board members and this could be enshrined in law or in a code of conduct. On remuneration, there is a case to be made for considering introducing remuneration for larger regional college boards, particularly for chairs. This would need to avoid any impact on charitable status. Good governance is not related to the size or turnover of an organisation.

On staff and student board members – there are sometimes challenges in understanding the staff and student board members’ roles, and some experience tensions in feeding back. It is important that there are consistent support mechanisms for these members. Currently, student members are supported by sparqs (Student Participation in Quality Scotland) which is funded by the SFC to develop and support the student members of boards as well as helping their student associations and institutions with student engagement. In addition, there is a range of local college support mechanisms in place, including involvement of students and staff on standing committees.

On procedures and committees – it is important that boards have clear remits for the main board and committees, with a standardised induction process for new members. Standard board procedural templates and policies have already been developed, taking the best from all the colleges and colleges are keen to develop and disseminate these further (these templates are available on the Scotland’s Colleges website). We also consider that sixteen members is an appropriate maximum size for a college board, and that should not increase.

The flexibility to ‘co-opt’ key skills to the board and committees is a positive development that should continue.
On scrutiny and quality – standing orders and the scheme of delegation are critical to ensuring the effective operation of the board in holding the executive to account. Self-evaluation continues to evolve, but there may be a need to ensure even greater transparency in how boards perform. Colleges undertake regular reviews of governance as part of their internal audit cycle. It should be noted that the college internal audit service is externally appointed.

There would seem to be three main options to build upon current practice: an enhanced role for Education Scotland; have a requirement for boards to have internal audits of governance every two to three years, sent to Audit Scotland; or for Audit Scotland to carry out governance audits more regularly.

7.4.2 Accountability

National – if accountability to the Scottish Government is to be enhanced, this could be achieved by the SFC being given clear direction from the Scottish Government, by setting out in conditions of grant to colleges ‘what’ the priorities are to be delivered, leaving the ‘how’ to the college. Reintroducing a formal power of Ministerial direction, previously removed by the Scottish Government, may impact on colleges’ charitable status, and risk losses of more than £50 million. This issue will require further careful consideration.

Regional – on curriculum planning, boards could be given a new duty to take account of regional and national issues in curriculum planning and delivery, and to set up a formal mechanism in a regional forum, potentially including other education sector partners. This would formalise the existing good practice that takes place in the sector. On shared services, this could take in non-college partners such as universities, local authorities or health boards. On wider regional issues, colleges could usefully be made statutory members of Community Planning Partnerships. We also recommend a wider discussion on regionalisation to establish what restructuring may be needed in the public sector to ensure effective joint working and consistency.

Local and democratic – it is harder to define the electorate of a college, compared to health boards. In terms of providing more transparency and direct input into college board decisions, there is a case to consider holding ‘open meetings’ where there are members of public present; or stakeholders could be invited to the Annual General Meeting (AGM). A more formal route would be to pilot forming a wider local stakeholder group, to which the college would have to account for their activity.

7.4.3 New Structures

Our response proposes two models of what governance might look like in the future. These proposals are neither exhaustive, nor a ‘one size fits all’. It is important for colleges to work out what is the most appropriate structure for them in their region:

1. existing college boards remain with an overarching regional partnership board
2. replace individual college boards with a single regional college board.

We have also included a number of case studies on mergers and collaborations in the UK. From this work, the key governance findings were distilled. The current committee structure of boards was endorsed, as well as the core understanding and separation of operational responsibilities of the executive from the strategic responsibilities of the college board. On transitional models, it is recommended there is a need for a joint board working group and a joint meeting of principals and chairs to build trust and co-operation during times of change.
8. Securing Opportunities for All

8.1 Delivering Opportunities for All

Colleges are committed to *Opportunities for All learners*, regardless of age, gender or background. The profile of learners in colleges in Scotland reflects this, with learners aged between 14 and 80 gaining new skills and experience to support them at every stage of life.

Colleges are also the main opportunity for those in the most deprived communities in Scotland. For example, in Glasgow, 58% of learners are from deprived backgrounds. Colleges provide essential opportunities for those communities, and the local presence, along with a strong focus on student support, improves the chances of success.

Delivering opportunities for 16-19 year olds is the clear focus for the Scottish Government in this consultation, and we welcome that this has been identified as a key area of importance. The numbers of young people entering the ‘More Choices, More Chances’ (MCMC) group has increased for the first time since 2005, undoubtedly a result of the economic circumstances the country is facing, and colleges will be essential in providing the opportunities that can deliver more positive outcomes for these young people, and prevent a lost generation.

*Putting Learners at the Centre* states: “Through Opportunities for All, we want all 16-19 year olds to have a place in post-16 education and training, appropriate to their needs and circumstances. We will also extend that offer as far as we can to those aged 20-24”.

As indicated above, colleges serve diverse groups with diverse needs, and have a significant role in delivering routes out of poverty. Poverty and deprivation do not only impact on prospects for the young, and opportunities to succeed should not be limited after the age of 19, or indeed at any point in life.

In a reduced funding environment, there will be fewer overall places available in colleges, and given the proportion from the most deprived areas, this would undoubtedly limit opportunities where few alternatives exist.

Colleges’ concern is the impact the proposed shift of provision towards 16-19 year olds will have on older learners, and those in vulnerable groups, while resources are significantly constrained. Younger learners are generally more resource intensive than older groups, due primarily to the mode of study, and the squeeze on those over 19 years of age is, therefore, potentially disproportionate in terms of the numbers affected. Our assessment indicates that if colleges were to provide further places for one in four of those in the MCMC group, and continued to provide the same places for those up to age 24, this could result in there being no funding available for older learners.

While the impact is not yet certain, and the funding model for colleges from 2012-13 is not yet available, this modelling is an important illustration of the change such a shift in provision could bring to the sector.

It must not be overlooked that colleges are the main route for mature (over 24) learners from deprived communities to access HE. Colleges would be greatly concerned if mature learners from the most deprived communities in Scotland had to pay to access HE in colleges, given the Scottish Government’s commitment to ensure that Scottish domiciled students do not pay for tuition to access the same level of learning at universities.
There is also potentially an unintended consequence of this focus in opportunities for female learners, who currently make up 55% of the students taught. Women studying in college have a tendency to be older (an average age of 33), reflecting the number seeking to return to work or improve their skills after having children. Many choose to study part-time while they are caring for children.

Learners in the 16-19 group, and those in the MCMC groups are predominantly male, and the average age of male learners is 29, and tend to study full-time.

Given the differing profile of these groups, it is essential that the proposals do not have the unintended consequence of disadvantaging women wishing to return to education and/or to improve their prospects through college study. Many of these women are from deprived communities and colleges provide one of the very few ways in which to access flexible learning that meets their needs.

With the emphasis in the consultation on providing vocational courses leading to recognised qualifications, there is a potential for adverse impact on those vulnerable learners with additional, profound or complex needs who are often most likely to be found on courses which do not lead to recognised qualifications. These learners require greater resources in support of their needs, and tend to progress slowly, and some make very little progress over time. A move towards funding for outcomes is potentially a financial disincentive for colleges in supporting this group. Colleges would seek that these learners have protected funding to ensure this important activity is not competing with other areas for support.

We would strongly recommend that an **equalities impact assessment** be carried out by the Scottish Government to ensure there are not unintended consequences for these groups.

### 8.2 Retention

Colleges aim to continuously improve retention figures and would be the first to agree that more can and will be done to build on success and learn from best practice. Key to retention is a flexible approach, well resourced student support services, and certainty among students that financial support is available for those who need it. We support the call from NUS Scotland that bursary support move to a locally administered entitlement, and be fully funded to ensure no student has to drop out of education because of funds running out.

Ensuring there is dedicated support to enable learners to learn, and be flexible to changing circumstances and needs, is essential in retaining students in courses and seeing they have a positive destination after learning.

Colleges are not the same, and should not be considered by the same criteria, as schools or universities. The mark of success for a student in college is often not the number of grades or qualifications achieved, but what the learning they have undertaken allows them to achieve. The focus in colleges is much more vocational, and flexible to what the learner needs to get a job, keep a job or get a better job.

What is not well articulated in performance indicators (PIs) is that those not completing a course may be changing course, or that a subject, such as a Higher, is not being continued but the student is continuing with other learning. If a student enrols onto a Higher National Diploma (HND) course, but achieves a Higher National Certificate (HNC) Level, this would be recorded as not being a successful outcome for that learner. However, that may be the learner’s choice as it enables them to enter employment. Similarly a learner leaving a course before completion, to enter employment, is a successful outcome for that student. These learners have gained the skills to do so, though perhaps not all the qualifications they...
originally set out to achieve. Clearly, in such circumstances, these are successful outcomes for learners; however, these are not captured in the data as currently recorded.

What is also not captured is the success of colleges’ own certificate programmes, often at access level, and the positive impact those have. Scotland’s Colleges, as a support organisation, has been liaising with the SFC on the PI system to more accurately record performance.

PI recording is both essential and urgent as an area to be addressed given the intention to use these as an assessment of success in determining funding, or outcome agreements. We believe that there needs to be a review of the definitions used to measure retention. We need to ensure that the term ‘drop out’ will only be used for those who have not secured a positive destination, not as currently where a learner who came to college to ‘get a job’ succeeds but leaves before the end of their course and is thus seen as a ‘failure’ for the purposes of retention. Learner destinations could include outcomes such as:

- secured a job
- kept a job
- got a better job
- completed programme
- secured a qualification
- progressed to a higher SCQF Level
- transferred to a better-fit course
- secured a university place.

8.3 Articulation

There are many success stories from recent years in the development of articulation agreements between colleges and universities, providing excellent groundwork for expansion. Moreover, we must also keep the key role that colleges themselves play in delivering high quality, good value, HE.

Colleges support the objective of the Scottish Government in seeing articulation improved and a statutory framework developed for the whole of Scotland to ensure that learners who want to make the transition from FE to HE, and, college to university can do so.

Articulation from colleges into universities is the main way in which people from the most deprived backgrounds in Scotland can achieve a degree level qualification. The expansion of such agreements across Scotland should be supported in statute – it would reduce the unnecessary duplication of provision for those learners to have to repeat learning at a lower level, i.e. the ‘six year degree’, and is an important component in social mobility.

Universities and colleges will need to work closely together to develop these agreements, and any regional structures that are developed will need to have regard as to how those can be developed from an early stage. Colleges will be seeking to make those discussions a priority to deliver strong working partnerships across Scotland.

There may be merit in establishing a national steering group, with representatives of colleges and universities, the SFC and other partners, to help drive a consistent approach in developing partnerships and opportunities for students. We might learn from current HNC and HND frameworks with already recognised ‘national articulation arrangements’, where Scotland’s universities recognise articulation from the qualification rather than supporting individual college agreements.
9. Economy and Skills

Colleges’ close links with industry, communities and local agencies put them at the centre of economic development and regeneration in Scotland. They play a critical role in delivering the **skills, competencies and learning that fuel the economy**. In 2010-2011, there were 21,516 modern apprenticeship starts with many of these being skilled to contribute to key sectors including engineering, science, manufacturing, construction, food & drink, customer service and business skills.

Scotland’s colleges play a key role in delivering the skills necessary for a competent, employable and skilled workforce. If *Putting Learners at the Centre* is implemented as outlined in the consultation paper, there are risks of unintended consequences for the economy of Scotland as a whole, as funding is redirected and refocused away from adult learners to concentrate on 16-19 year olds. The colleges provide a sound basis for **economic development for Scotland** by partnering with industry and other stakeholders such as Jobcentre Plus, SDS, Business Gateway, local employers and the university sector to provide relevant and tailored skills needed to ensure the economy continues to grow and develop. However, this kind of integrated and innovative work will be compromised without the necessary funding to make it happen. The college sector works hard to provide the skills and training needed for the growth of the economy to all comers, of all ages and abilities.

For example Scotland’s colleges, through the *Energy Skills Partnership*, are ensuring that the skills needs for the energy sector are met in renewables, oil & gas and allied areas by working closely with employers to restructure and realign resource to meet the skills needs of these industries. It is estimated that an additional 28,000 jobs are needed in renewable energy, an additional 20,000-30,000 in oil & gas and 15,000 in conventional power generation, transmission and distribution by 2020. This does not take account of the needs of the North Sea, where estimates project an additional 10,000-15,000 jobs by 2015 with 2,000-3,000 needed for the supply chain. In total, a conservative estimate of 75,000 skilled jobs is needed by 2020.

In the area of engineering, a unique partnership was formed between Scotland’s colleges, Heriot-Watt University and industry to offer a programme called *Engineers of the Future*. This integrated delivery of hand skills, work-based training, academic skills and a modern apprenticeship offered a clear pathway to a Masters degree in Engineering leading to Chartership. Industry investment ensures that these engineers are educated at lower cost to the public purse than mainstream graduates.

By working together on the *Regional Gateway to Work* initiative, Jobcentre Plus, Forth Valley College, SDS and Business Gateway, have secured over 100 jobs and prevented the same number of redundancies in the first year of a pilot project. The success rate for jobs has been between 65% and 72%, and sustainable infrastructure has been developed to enable individuals to access skills development whilst ensuring eligibility and measurable outcomes. Real value can be shown for the economy, five start-up companies have been formed and Job Centre Plus calculated a saving to the economy of £1,096,154 for the first 100 pilot candidates based on benefit savings, tax and national insurance payments minus training costs.

The planned reduction in college funding, combined with the priority recruitment of 16-19 year olds, risks having a significant impact on the number of adult learning and training places. Adult learners may not be able to access the same life and re-skilling opportunities in order to **get a job and keep a job**. Additionally, opportunities for employers and colleges to work together and **co-invest in skills** may be compromised and thus reduce opportunities...
for innovation and economic development. Scotland’s colleges play a particular and significant role in securing a successful Scottish economy. Moreover, colleges generated almost £100m income (SFC Further Education Statistics 2009-2010) in addition to their SFC allocations. It is possible to estimate a potential impact of loss of £37m on co-investment per annum in skills and education. Therefore, the risks are significant if these opportunities are no longer freely available, not only for colleges and learners but also for the Scottish economy. Additionally, there are important links between the acquisition of skills and wider social outcomes such as health, reducing crime and improving social unity with almost 13% of college students having a disclosed or identified disability.

10. Supporting the Cost of Change

Scotland’s colleges agree that it is essential that funding is made available to support the cost of structural change. However, we strongly believe that if the intention is to put ‘learners at the centre’, this cost should be met by additional resources and not by top slicing the overall SFC settlement and thus re-directing funding away from learners and teaching and learning.

We welcome the initial £15 million announced in a Transformation Fund for the sector for 2012-13. However, some colleges are significantly more advanced than others in plans for regionalisation and not all will know the support required in such a short timeframe. It is important that all regions are able to access the necessary support to make reform work. We therefore believe this fund will need to be kept under review to ensure support is available over the full three year reform period. The criteria applied for support must ensure a fair use of the funds where key determining factors, such as current staffing levels, are given the appropriate weighting.

Funding for structural change does just that – change structures. It will support staff severance, systems harmonisation and other necessary costs in merger or collaboration. This fund cannot guarantee to protect places. We, therefore, look forward to early engagement with the new Minister for Youth Employment on how the £30 million announced in support of initiatives such as Opportunities for All will help protect places for vulnerable learners.

11. Outcome Agreements

Scotland’s colleges support the development of outcome agreements and, in broad terms, agree with the proposals for their negotiation and assessing performance. However, we believe that the target to negotiate agreements for 2012-13 by April 2012 is extremely challenging. At the very best, with so many unresolved change proposals, any such agreement should focus solely on plans for developing regional structures, recognising the different circumstances and challenges in different regions.

To help develop these agreements, colleges will engage with other stakeholders (e.g. local authorities, SDS, enterprise networks and other community planning partners) to discuss joint planning to meet regional skills needs including the contribution of regional outcomes. However, there needs to be a more clearly defined strategic role for colleges both within a region and nationally, and particularly in terms of their membership of Community Planning Partnerships.
It is appropriate that SFC indicates key national priorities to include in each region’s outcome agreement, but these should not be seen as the only targets driving funding as this would constrain a college’s ability to work flexibly to meet regional needs.

We agree that agreements should be assessed against outputs and broader outcomes, however, would wish to ensure that this does not lead to an increase in the already costly, complex and administratively burdensome systems needed to currently monitor activities.

12. Transitional Arrangements

Where demographic modelling indicates a geographical shift in allocation of funds, Scotland’s colleges would support transitional arrangements to minimise learner impact and to enable effective change management. We welcome the undertaking to provide certainty on funding and activity levels in December 2011, however, believe that a re-phasing of the timetable of the nature we have suggested above, will reduce the need for transitional arrangements.

We further believe that a re-phasing of the reduction in funding to the sector announced in the draft budget statement would also significantly improve the transition and reduce the cost and impact on learners. If the reductions were re-phased so that the largest reduction occurred in year 2014-15, then the efficiencies and cost reductions envisaged through regionalisation would increase the likelihood that funding for teaching and learning would not be needed for structural reform.

13. Shaping a Successful Scotland

Scotland’s colleges recognise the changed financial circumstances in which Scotland’s publicly funded bodies and agencies must work and we are keen to build on successful regional college hubs to drive further efficiency and effective partnership working. In order to maximise the benefits of the Scottish Government’s investment in post-16 education and training, it is important to consider more than college reform. Scotland’s colleges would like to engage in strategic dialogue with the Scottish Government to identify where innovation and effective cross-agency working can support the agenda for change. We have outlined ideas below, by considering the wider landscape, as to how we might better minimise bureaucracy enabling greater spend on learning and learners:

- By ensuring Scotland’s regional colleges are statutory members of Community Planning Partnerships and enabling college leaders to direct local learning alliances, we can work to secure joined up planning of all local education and training providers – minimising duplication and competition.
- Scotland’s colleges would welcome the opportunity for early engagement with the new Minister for Youth Employment as to how colleges can take a lead role in co-ordinating the regional delivery of skills, education and work experience for young people. We also hope to see that the additional £30 million identified in that portfolio will be able to support colleges in protecting places for the most vulnerable young people.
- With a regional infrastructure, Scotland’s colleges could work with SDS to minimise the bureaucracy and improve the learning experience of those undertaking Modern Apprenticeship and Get Ready for Work programmes. By streamlining programmes and aligning with the single entry approach and systems used by SFC, we could significantly improve administration efficiency. Moreover, full integration with the core SFC systems
would enable enhanced reporting and monitoring of outcomes for all learners, including those studying on SDS programmes.

- We have clearly illustrated a gap in funding for adult learners. By developing a regional hub resource of monies including Training for Work, Flexible 5000, ILA Scotland and Jobcentre Plus response funding we could better provide joined-up services to adult learners.

- Further rationalisation and simplification could create opportunities for central contracting on behalf of the sector. For example, the SFC could contract centrally and annually using the Further Education Statistics (FES) return to ‘buy’ and account for SQA accreditation of college awards eliminating all of the individual SQA/college transactions and making major savings.

- We might also investigate, by working more closely together, how agencies such as SDS and Jobcentre Plus might co-locate on college campuses.

These are a few of many improvements we might make by championing a ‘Total Place’ agenda. We invite the Scottish Government to discuss these and further improvements with us.
14. Appendices

Annex 1

Successful Scottish College Merger Case Studies

Forth Valley Merger

Rationale for Merger

The merger between Clackmannan College and Falkirk College took place on 1 August 2005 after a tight preparation period of one year. The SFC considered this merger to be a success with progress against the main aims being demonstrated. There were two colleges in Forth Valley with different profiles and relationships with stakeholders and competition in the Stirling area. The impact and reputation of college services for the area was less than optimum. The single organisation was able to rationalise provision and services, provide more strategic and comprehensive support to the three local authorities and tailor its support of the local economy of each area. Each area maintained a local campus and a strong local presence and identity. The single organisation has been a much simpler option for businesses, learners and stakeholders and has been able to:

- improve options and progression for learners across the area
- develop stronger engagement with schools in a more consistent way
- focus activity on client facing activities
- promote growth in commercial and tailored services
- offer a vehicle for addressing the difficulties which Clackmannan College was facing.

Key Issues

- timing is all
- you cannot put a price on staff goodwill – invest time in this
- demands of the change process will exceed expectations
- change brings unexpected opportunities
- you don’t anticipate all the costs
- good exits are important for everyone
- there is more talent in the organisation than you realise.

Recommendations

A number of factors have been key to the success of the merger:

- set an ambitious but realistic timescale to ensure the merger took high priority and that appropriate resources were devoted to it
- adopt a project management approach from the outset
- appoint a project co-ordinator with knowledge of the sector and access specialist expertise in human resources
- set up steering mechanisms at both board and principal level
- early identification, assessment and management of risk
- adopt the governance model of continuing the legal entity of one college under a new name
- staff and external stakeholders fully engaged from an early stage and comprehensively all the way through.
Fife and Glenrothes Merger

Rationale for Merger
The merger between Fife College and Glenrothes College took place on 1 August 2005 to form Adam Smith College. The SFC considered this merger to be a success with key aims being satisfied. This was an untypical merger in that it evolved through a long period of collaboration which moved from initial informal collaboration through setting up joint ‘institutes’ as shared vehicles for the delivery of specific areas of the curriculum to eventual merger. This took place over a period of six years during which informal collaboration began, was formalised, evolved into a ‘federal’ approach and on to merger. The focus throughout was on the needs of learners, the community and the economy. When formal merger was agreed, the ‘M’ word was avoided in favour of ‘the creation of a new college’ to serve the needs of these stakeholders more effectively.

Key Issues
- creating a new college takes a huge amount of time and energy
- trust is critical
- need to keep focus on learners and college business as usual while merger is taking place
- merger needs to be aspirational, about achieving new things (conscription will not work)
- it is expensive and requires committed hard work far beyond contract
- while it is possible (with investment) to achieve efficiencies/economies of scale in human resources, finance, information technology etc, this should not be at the expense of quality.

Recommendations
- it is vital to create a compelling case for merger and to enthuse and inspire staff and stakeholders (aggrieved staff will slow or derail the process)
- taking people with you is critical and requires considerable time to be spent on staff meetings – designing and talking about the new organisation and its values, checking understanding and confirming that key changes are on track (merger is a huge project management challenge)
- harmonising staff conditions prior to merger will avoid a huge amount of difficulty later
- the best fit has to be achieved for the planned new college with its economies and communities (as stakeholders understand these)
- varying views on this and differing footprints for other agencies make it difficult to define a region (focus on labour markets, local region, city region).

Barriers
- merger is not cheap – formal funding and staff commitment and goodwill are needed
- failure to make a compelling case will critically damage the process
- staff resistance must be understood – work with the grain
- don’t underestimate the challenge of combining systems – systems that use the same software are likely, for example, to be based on fundamentally different business systems and practices
- harmonising up can be very costly, slow and risky in terms of staff salaries and conditions.

Critical Areas to Fund
- business systems
- information and communication technology
- other infrastructure developments
- staff harmonisation costs
- transition costs e.g. associated with the creation of new contracts, conditions, policies, procedures etc.

Alternatives
- open-ended federal structures should be considered (allow transition without defining the outcome)
- options for other approaches such as creating co-ordinated smaller units should be explored.
Glasgow Merger

The first three way college merger in Scotland was a complex change management programme which required strong leadership, careful project planning, and professional project management.

The educational rationale behind the merger was the opportunity to simplify the landscape for prospective students by providing a broad comprehensive curriculum within one college. This has allowed duplication to be minimised and has led to an improvement in progression pathways and access to specialist subject areas.

Key lessons from the merger can be clustered under the following broad headings:

- **Effective Governance** – this is critical from the outset. A shadow board was established early in the process, however with the benefit of hindsight clearer delegated authority for all issues related to the merger would have helped the process. It is also recommended that at the stage when institutions are considering merger and a shadow board is established, a ‘decision in principle’ from the Scottish Government is issued which would endorse the process.

- **Clear and timely two-way communications** are essential. A range of communication channels were employed including regular principal designate briefings, with a team of communication facilitators and two very important all staff conferences.

- **Culture** – early in the merger process a culture survey (a form of cultural due diligence) was carried out, which enabled the establishment of a cultural baseline, to clarify the culture wanted for the new college and the steps needed to be taken to achieve an optimal culture.

- **Planning** – the integration of three sets of systems and processes into one new college is a huge change management process. A professional project planning approach with seventeen workgroups producing twenty individual project plans. A merger steering group was also established early in the journey which met weekly to plan and progress the merger.

Funding support from the SFC was critical to the success of the City of Glasgow College merger. Up to £8.5 million Merger Implementation Funding was granted, divided into three headings:

1. **Voluntary Severance – up to £4.3 Million**
   A firm guarantee to no compulsory redundancies was made and there was put in place an employment guarantee until 2013. However, merger funding allowed an offer of severance packages to staff wishing to leave. To date 109 applications for voluntary severance have been approved at a cost to SFC of £3.3 million, and a salary saving to the college of £4.5 million.

   Through the process of restructuring and voluntary severance, the number of staff in management posts has been reduced by 52 representing a saving in management costs of £2.2 million.

2. **Harmonisation of Salaries – up to £1.8 million**
   Harmonising academic and support staff salaries was an important stage of the merger process and some 70% of support staff benefitted from the merger either through increased salaries or improved terms and conditions. With regard to academic staff, the college have harmonised salaries but they are disappointed that have not yet reached agreement on terms and conditions. However, lecturing staff have been matched across into the new structure without the need for interview.

3. **Merger Integration – up to £2.4 million**
   This merger project funding was critical in helping the college integrate three sets of operational systems into one integrated system. This included the college establishing the new brand, a new website, a single integrated email system for staff and students, a new telephone system, a new HR and payroll system, establishing a new student union with sabbatical office bearers, establishing the new City of Glasgow College brand, college merger ‘communication facilitators’, merger related staff training and development, external HR support and the merger office.

   To date, the college have invested £2 million in merger integration, and made initial savings of £1.1 million.
Annex 2

Lessons Learned from Previous Scottish College Successful Mergers

Effective Merger Management

- Set an ambitious but realistic timescale target for merger.
- Robust planning and adopting a formal project management approach are both needed.
- Merger is a large change management process; leaders of this process require the necessary skills e.g. ability to call on specialist experts, access to expert facilitators, continuing professional development (CPD) in change management, conflict resolution etc.
- Ensure project management tools e.g. PRINCE2 action logs and issues logs are created and used effectively to monitor actions and issues to successful conclusion.
- Appoint an external project co-ordinator, preferably with sector knowledge, and agree their remit.
- Second senior managers to the project team.
- Make full use of expertise in specialist areas such as HR, finance, legal, cultural development etc.
- Cultural survey – scoping the current culture and the future direction. Process to monitor the changes over time, especially in the early years of merger.
- Risk assessment and risk management strategy are essential with the use of a risk register.
- Take legal advice where appropriate.

Accountable Governance

- Form a shadow governing body early on in the process.
- Consider membership of the shadow board as existing board members from colleges merging and independent members.
- The shadow board should be the only governing body with authority on merger issues.
- Need to have strong commitment from existing governing bodies.
- A ‘principal designate’ and senior management designate positions should be established as early as possible in the process, with authority to act, perhaps endorsed by the SFC.
- The new governing body should provide the range of skills and expertise required for the merged college.
- Involve students early in determining the process of creating the new student union.

Effective Stakeholder Management

- Consult widely in the consultation process and ensure all questions raised are answered satisfactorily.
- Ensure good communication channels both with the Office of the Scottish Charity Regulator (OSCR), SFC and Scottish Government.
- Engage with trades unions at an early stage and regularly both at regional level and in particular at local level.
- Ensure student voice is heard and involved.
- Ensure staff have a means of contributing to the process and understand the process through regular communication channels.
Successful Marketing and Communications

- Develop clear vision and well thought out communications plan.
- Fully engage staff and external stakeholders early on and have meetings at all institutions’ campuses.
- Merger facilitators to ensure that staff issues are heard, anonymously if required.
- Merger facilitators should be staff whom other members of staff trust, to raise issues with. They should also be allowed time off or backfilled in their day jobs as required.
- Ensure extensive consultation with staff and key stakeholders.
- Gain overwhelming support for the new name of the organisation, including the Scottish Government, so as to effect necessary legislative changes.
- Develop the new college brand early on and gain buy-in.

Efficient College Operations

- ICT development is critical to achieve systems’ integration of key service areas e.g. payroll, finance, HR and student records.
- New staff structure and the process of staff assimilation to be well considered, developed and refined over the merger time period.
- Adopt a structured approach to implementation and integration.

Merger Benefits

The levels of real savings which can be realised from merger are difficult to quantify in practice. Primarily due to the comparisons between before and after organisations which are usually not on comparable basis but also due to ongoing changes within the organisation which may or may not have happened as a result of merger. However, there are some services which clearly reduce expenditure in a larger single merged organisation:

- external audit fees
- bank fees
- rationalisation of licences e.g. computer software
- rationalisation of subscriptions
- marketing budgets for prospectus
- graduation ceremony costs
- senior management salary costs.
Analysis of Previous Mergers – Lessons Learned

With any change process there will always be pros and cons (perceived and or real), and with merger this is no different. Summarised below are key pros and cons categorised into common groupings compiled from previous Scottish college mergers:

<table>
<thead>
<tr>
<th>Area</th>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td>increased opportunity for staff to share expertise and good practice&lt;br&gt;range of staff development opportunities are more comprehensive&lt;br&gt;increased opportunities for progression and development of staff and greater cohesion and focus&lt;br&gt;better terms and conditions and job security for some staff.</td>
<td>staff concerns about job security and or job changes&lt;br&gt;unions mindful of job numbers, potential changes in terms and conditions&lt;br&gt;normal communication channels would have to be enhanced during the change period&lt;br&gt;strategic planning process may be weakened in the early years of merger&lt;br&gt;financial planning reporting and value for money processes may also be weakened during transition.</td>
</tr>
<tr>
<td>Student</td>
<td>improved transition pathways to universities&lt;br&gt;improved articulation across programmes&lt;br&gt;support fuller range and level of provision&lt;br&gt;provision has been extended and rationalised&lt;br&gt;niche markets can complement each other&lt;br&gt;positive impact on development and delivery of learning opportunities&lt;br&gt;offers extended school link provision&lt;br&gt;improved local progression to HE&lt;br&gt;allow continuation of courses in low demand not economically viable in a smaller college&lt;br&gt;guidance and bursary support improved and harmonised.</td>
<td>may be difficult to ensure quality of student experience whilst merger is taking place&lt;br&gt;maybe some confusion over the college changes e.g. name change or process change&lt;br&gt;new student representatives would have to be elected.</td>
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<tr>
<td>Stakeholder</td>
<td>college can respond faster and more flexibly to requests from external stakeholders&lt;br&gt;greater recognition by stakeholders of college contribution to economic development&lt;br&gt;offers extended and strengthened partnerships with community education and university sector.</td>
<td>name change impact in the market place&lt;br&gt;change of legal contracts – some may have to be renegotiated.</td>
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<tr>
<td>College</td>
<td>quality improvements&lt;br&gt;capital projects can be initiated by a larger merged institution which would not be possible for individual colleges&lt;br&gt;more confident and knowledgeable board of management with a mix of previous college board members and some new members&lt;br&gt;more resources available to conduct research and development.</td>
<td>day-to-day operation may be interrupted by the merger&lt;br&gt;loss of the 'old college' culture&lt;br&gt;new college communication channels may be weakened in the early stages of merger&lt;br&gt;some parts of the estate may need to be upgraded at a cost&lt;br&gt;ICT may require to be significantly changed to accommodate the new merged college.</td>
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Realising the Potential of Scotland's People: Scotland's Colleges Response to the Pre-Legislative Consultation Paper 'Putting Learners at the Centre'