



Scottish Funding Council  
Promoting further and higher education



Comhairle Maoinachaidh na h-Alba  
A' brosnachadh foghlam adhartach agus àrd ìre

# College Post-Merger Evaluation Report

February 2016

# FIFE COLLEGE

## **SFC post-merger evaluation of the college mergers that took place during the academic year 2013-14**

In autumn 2015 the Scottish Funding Council (SFC) began a round of post-merger evaluations of the colleges that merged in the academic year 2013-14. In most cases these evaluations are scheduled to take place two years after the merger.

We are making the outcome of the evaluations available on the SFC website. The first two evaluations were completed in January 2016 and the final evaluation within this tranche of mergers will be June 2016. As new reports are completed they are added to the website.

SFC wrote to the colleges concerned in July 2015 to explain how SFC would carry out the evaluations and what was expected from the colleges. We noted that in carrying out the evaluations across the sector SFC would pay particular attention to the Audit Scotland Good Practice Guide: [Learning the lessons of public body mergers](#).

Colleges are responsible for the implementation of their merger and need to be able to demonstrate the delivery of benefits and performance improvements for all stakeholders including students, staff and employers as outlined in their original merger proposals. The purpose of the merger evaluation is to provide evidence of progress in delivering the intended high level benefits of the merger and to identify lessons learned that support further organisational development and wider learning for the sector.

SFC recognises that good governance and leadership and a culture that is supportive of change and innovation within the merged college are also critical elements in delivering a successful merger. The post-merger evaluation will seek to consider the impact of these elements on the implementation and success of the merger.

Key steps in the post-merger evaluation process are:

- Self-evaluation report submitted by the college,
- SFC review of evidence (including performance indicators);
- SFC arrange discussion sessions/meetings with students, staff, senior managers, the Board of Management and other key stakeholders;
- SFC prepare the formal post-merger evaluation report.

### ***Self-evaluation report submitted by the college***

SFC requires that each college submits a self-evaluation at the start of the process. The self-evaluation report should include an assessment of merger benefits and outcomes that have been achieved, developments that have still to be implemented and other relevant information.

### ***SFC review of evidence (including PIs)***

SFC review and evaluate existing information and data that we have regarding the merger implementation and the colleges' operations through ongoing SFC engagements, including the Outcome Agreement process, and through governance, financial health and quality monitoring. Evidence from Education Scotland external reviews, annual engagement visits and other relevant quality work also provide SFC with a source of information for the evaluation.

### ***SFC discussions/meetings with key stakeholders***

As part of this process SFC seek feedback and views on the success of the merger from a range of stakeholders including teaching and support staff, students, trade union representatives, the students' association and external stakeholders as appropriate through a series of discussion meetings. SFC will then meet with the College's senior management team and with its Board of Management.

### ***SFC prepare the formal post-merger evaluation report***

SFC prepare a formal post-merger evaluation report, taking account of all the evidence, feedback and discussions, which is agreed by the Council Board member leading the evaluation. This is then shared with the Scottish Government and copied to the college prior to being published on this website.

# SFC evaluation report on the merger to form Fife College

February 2016

## Background

1. On 1 August 2013, Adam Smith College, Carnegie College and elements of provision from SRUC's Elmwood Campus merged to form Fife College.
2. The *Merger Proposal for a Fife Regional College* document, produced by the legacy Adam Smith and Carnegie Colleges, proposed a number of wider benefits which the new College aimed to deliver. These are:
  - One-stop links with schools and universities for greater articulation
  - Wider articulation across FE programmes
  - Better learner access to more specialist delivery
  - Greater focus on economic need for workforce development
  - Creation and development of improved new courses based on a wider skill base and staff development
  - Increased flexibility to meet demand from learners and businesses
  - Greater marketing strength to give better information to potential learners of choices, and to build a wider commercial client base
  - Support for wider access and equal opportunity
3. The first post-merger evaluation in March 2014 showed that although progress was steady the College had been hindered by legacy issues. There was a clear indication at that stage that on-going progress would be at a slower pace than some of the other merged Colleges that vested on the same day. We have been mindful of these key legacy issues during our post-merger evaluation, including:
  - An estate that a recent, comprehensive, external review was judged to be functioning well below efficient levels, with poor utilisation across the majority of it and requiring substantial investment before being 'fit for purpose'.
  - Quality issues from Education Scotland reports in 2013 and 2014 that give cause for concern in terms of curriculum design and evaluation of learning and teaching together with poor retention and attainment.
  - The £5.5 million of European funding that had to be repaid by Adam Smith College and the associated reputational damage and on-going investigations.

4. Since then, Education Scotland has undertaken an external review of the quality of provision at the College. The review examined learning and teaching and other important activities that impact on the quality of the learner experience. The review identified some areas of excellent practice. However, overall the College was judged to be of 'limited effectiveness' in its arrangements to maintain and enhance the quality of its provision and outcomes for learners and other stakeholders.
5. In response, the College has developed a post-review Action Plan to address the main points for action from the review, which are:
  - Improvement in successful completion rates for full-time learners
  - Managers and staff should ensure learners are fully engaged in planning their own learning and contributing to the work and life of the College
  - Managers and staff should improve action planning for improvement at College and programme levels
  - Manager and staff should ensure that information, advice and guidance services are fully available across the College
  - Senior managers should further develop leadership for the curriculum ensuring the new roles and structures are fully effective
  - Staff should extend the range of learning and teaching approaches used in classes, taking full account of the need to promote equality and diversity
6. Education Scotland continues to monitor the College's progress against its post-review Action Plan in liaison with SFC.
7. The College is currently in the process of developing a full business case in support of the proposal to develop a new campus for West Fife, which will replace the existing campus in Dunfermline and allow the College to develop a state of the art campus that will benefit the whole region. Funding for this project is being provided through the NPD pipeline managed by the Scottish Futures Trust. Construction recently started on a new campus in the Levenmouth area, co-located with the new Levenmouth Academy, which is due to open in the summer of 2016.

## **Evaluating the success of the merger**

### **Efficiencies and benefits of scale**

8. One of the driving forces of the College merger programme was to make sector-wide efficiencies that will allow Colleges to benefit from greater scale and being (in most cases) the sole College education provider in their region. It was then expected that this would have positive impacts for learners resulting from the

reduced duplication of provision and competition between neighbouring Colleges, as well as financial savings that could be directed towards learning. By making better use of their combined estates, facilities and staff we would expect that a merged College would be in a better position to focus on front-line delivery coupled with stronger and more effective regional engagement.

9. In their self-evaluation (submitted to SFC in September 2015) the College sets out their recent efforts to reduce their 'pre-merger' estate which was initially found to be operating at 42% over an efficient capacity for a College delivering 176,000 wSUMs, which is equivalent to approximately 21,000 students. The self-evaluation describes how the College plans to make better use of their estate by selling or terminating leases at a number of sites, which will result in a reduction in the estate footprint by 19% by August 2016, without having a negative impact on business delivery.
10. It became clear from our discussions with staff and students, however, that the estate rationalisation has had a negative impact at certain campuses. Increased numbers of learners and the associated strain on facilities, coupled with what were perceived as poor public transport links in the region, have all contributed towards the student cohort having concerns about problems with course and bursary application systems, unsuitable facilities and a perceived lack of communication from the Principal and senior team.
11. Staff also voiced concerns about the impact the VS scheme has had on staff numbers and expertise, and both staff and students highlighted the reduction in availability of student support services (in terms of personnel and office opening hours) as being of particular concern given the level of MIS and bursary related difficulties.

### **Improved outcomes for students**

12. In their merger self-evaluation the College highlights that the implementation of a number of recent initiatives has been key to ensuring that learners remain engaged and continue to achieve. Our discussions with staff and students allow us to come to some conclusions about their (potential) impact.
13. With regard to pathways and progression, staff noted that as processes become more familiar and the curriculum becomes more suitable and aligned, pathways from School to College and onwards from the College are becoming clearer. The Regional Outcome Agreement was referenced as a useful tool that provides clarity as to the College's priorities and ambitions in this area.
14. Staff noted improvements in teaching as lecturers begin to learn from each other and focus on PIs and attainment. This is evidenced by improvements in the College's PIs for retention and achievement. Board members noted that, for

example, with regard to progress in meeting SUMs targets, a remedial management model is used throughout the year that includes regular Board briefings and opportunities for them to question the SMT. We expect that these improvements will be enhanced following the completion of the curriculum review in November 2015.

15. Other student comments related mostly to the effective delivery of teaching. Some felt that the discontinuation of some part-time or recreational courses would have an adverse impact on the College's place in the community. Others held the view that courses had been cancelled due to lack of funding and/or interest without suitable alternatives being offered (for example NC Creative Industries) and in one case we heard that a class was without a tutor for a block meaning they failed the class. As mentioned above, however, students were clear in their support and praise for the additional support offered by lecturers since the merger.
16. Education Scotland's external review of the quality of provision at the College found that almost all learners make good progress, with most who complete their programme of study gaining nationally-recognised awards. However, success in a small number of curriculum areas is low and well below national sector levels. In addition full-time HE programme successful completion rates are low in several subject areas, with many learners leaving their programme of study early. Staff and senior management indicated that this is a priority issue for the College to address.
17. The College's approach to access has been to develop new partnerships and thereby provide better and a more varied and less gender-biased curricular offering in more geographically remote parts of the region than was available prior to merger. Through successful partnership engagement the College has been integral in the development and delivery of a Foundation Apprenticeship in Engineering, which supports the STEM agenda. In the course of this the College has established a network of STEM ambassadors, of which 43% are female, to promote opportunities in related professions. Effective collaborative arrangements have also seen the College improve articulation links with a number of universities.

### **Improved delivery of skills at a regional level**

18. The merger has resulted in a single College which aims to deliver coherently across west and east Fife, alongside one Local Authority, the NHS, the local Chamber of Commerce and one University. There was good evidence from the College to confirm improved and more effective partnership working and collaboration opportunities as a result.

19. The College is recognised and treated as a key regional partner delivering for local residents. The Principal and SMT members represent the College on the key regional stakeholder groups including the Fife Partnership, the Fife Economy Partnership, Opportunities Fife (with the CPP), the STEM Strategy Group and on the Youth Employment Action Plan. The Education Scotland review highlighted regional partnerships and delivery of relevant skills for the economy at a regional level as being a particular strength of the College.
20. Other regional aspects, including engaging with partner organisations and other regional stakeholders, are progressing more positively. The College's self-evaluation document describes how the College, through strengthening regional partnerships, is making progress with national priorities such as Developing Scotland's Young Workforce, and taking a prominent role in regional initiatives including the Andrew Carnegie Business School and the Single Employability Hub for Fife. These positive developments have been noticed by staff who welcomed the increased focus on employability and the regional economy.
21. Staff also described how local employers, who exhibited some reticence at first, are now engaging more with the College. We also heard how a better understanding of the College's targets and position in the region has meant that pathways from school and on to positive destinations are now clearer and more defined.
22. Good work has been done in recent months to review the College's curriculum across the region. Through the use of a regional environmental scan of Fife and neighbouring regions, the College has developed a better understanding of the curriculum priorities for the region. This work has identified that some curriculum areas need to grow to meet economic need, while others that no longer fit the needs of the region are likely to shrink.

### **Financial efficiencies and savings**

23. Prior to merger the financial position of the two main legacy Colleges was considered weak, which from the view of protecting provision strengthened the argument for merger. The merger business case forecasted annual savings in the region of £3.3 million by 2014-15, rising to £4.9 million from 2015-16 onwards. The vast majority of these savings would be delivered through a voluntary severance (VS) scheme, which the Council assisted with a grant of nearly £4.9 million, and planned to deliver a reduction of 117 posts. The College has reported that, with further investment from its own funds, to-date its pay bill has been reduced by at least £6.9 million annually.

24. It is worth noting that increases in employer pension contributions and changes to employer NI contributions will add over £1 million to the College's pay bill in 2015-16.
25. Further savings have also been achieved through the migration to common systems; the re-procurement of facilities services, such as cleaning and waste management, as existing contracts come to an end; and the ongoing rationalisation of the College's inherited estate as it moves forward.
26. Apart from staff savings attributable to the voluntary service (VS) scheme, the College has not tracked cost reductions against the original business case baseline. However, the following table provides a breakdown of the source of savings delivered annually to date.

<b>Fife College merger savings<sup>1</sup></b>		
<b>Staff savings</b>		
FTE Pre-merger		936.71
VS departures (FTE)	-145.25	
Other departures (FTE)	-10.0	-155.25
FTE at July 2015		<b>781.46</b>
<b>Total staff cost savings</b>		<b>£6,944,966</b>
Other savings to date		
Copyright licence	£50,000	
Estates contracts	£150,000	
IT licences	£100,000	£200,000
<b>Total savings to July 2015</b>		<b>£7,144,966</b>

### **Effective leadership and governance**

27. The governance structure of the new College was established early in the merger process. The College has gone to particular effort to ensure the gender balance of the non-executive Board members, which it addressed over several recruitment phases.
28. Since establishment the structure has been subject to a number of reviews, including progress towards implementing the Code of Good Governance for Colleges, with only minor examples of non-compliance noted. The effectiveness of the College's committee structure has also been reviewed annually by the

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<sup>1</sup> The college has advised that further savings will materialise as systems continue to be rationalised and contracts are brought together on a Fife-wide basis.

College's Board since vesting day and found to meet the current needs of the College and Government guidance requirements.

29. We found the Chair and Board members very supportive of the Principal and SMT. Board members highlighted the open nature of interactions with the SMT and College staff, and described how systems and indicators are being put in place to allow early action when issues arise, thus instilling a proactive approach from the Board and its Committees.
30. While the SMT has been fully in place since October 2013, there have been some significant issues in the move to stabilise the senior curriculum staff at the College, which has impacted on the development of a coherent curriculum strategy for the region. The Principal has taken action to address this and with support from SFC a review/health check of the College's curriculum strategy has been completed in recent months. Work is now on-going to implement the recommendations from the review which is likely to see a re-prioritisation of curriculum across the region in line with economic needs.

### **Communications and engagement**

31. Both the Principal and Chair highlighted the cultural challenges that the College faces within the region, which impact not only on internal communication with the staff and students but also with external stakeholders. This is particularly impacting on its ability to manage timely communications on its estate plans, more specifically the location of the proposed new campus in West Fife.
32. Feedback from staff on the levels of communication across the College was mixed. Some staff were generally happy with the levels of communication, whereas, others felt that communication was poor and the flat staffing structure that has been implemented is hindering the decision-making process. There was a lack of understanding of the vision of the College, which staff felt the Principal and SMT could do more to address.
33. Students continue to rely heavily on lecturing staff and key support staff to find out about changes to courses etc., which mirrors what we heard at the early post-merger discussions. The Students' Association effectively communicates to students through its Facebook page, which the College is increasingly using to share important information with students.
34. The College has continued to maintain the well-established engagement it has with external partners and stakeholders. This can be seen in the successes the College has had developing senior phase vocational pathways and the development of a new College campus co-located with the new Levenmouth Academy; successes that would have been more difficult and in some cases impossible to achieve before the single Regional College was established.

## **Organisational development and culture change**

35. Some of those we spoke to felt that the merger of the original Fife College and Glenrothes College to form Adam Smith College had failed to produce the levels of cultural change required to establish a truly integrated institution and that this had exacerbated the challenge in the later merger. Our discussions with staff indicated that overall they considered that there has been some shift in culture change. More staff are working across different campuses and seeing the need to ensure parity of provision, which is helping to develop a single College mind-set in staff.
36. Staff and students generally feel that some progress has been made in the development of a single College culture, although each campus retains some level of identity from its legacy College. Staff provided examples of cross-campus collaboration and learning from others and students were clear in their praise for the additional support provided by teaching staff, who have at times provided support and guidance outside their areas of expertise.
37. Similarly, although the rationalisation of the curriculum has meant that some courses are no longer available across multiple campuses or have been withdrawn altogether, students were generally positive about the curriculum offer and the quality of teaching.
38. Discussions with the Senior Team and the Board of Management focused more on the wider region and Fife College's place in it. The SFC team heard that the legacy issues of Adam Smith College still had a strong bearing on the merged College and impacted on its progress towards achieving a single College culture. We also heard that this legacy impacts on how the College is seen from an external, regional perspective and the often negative reporting of the local media. This issue clearly still affects staff wellbeing, particularly for former Adam Smith College staff, and is something the senior team are aware of and constantly monitoring.
39. The harmonisation of pay and staff terms and conditions has been completed, something that the previous merger of Colleges in the region failed to achieve.

## **Systems development integration**

40. The College has made significant progress on the integration of both manual and IT systems across all campuses. The funding provided from SFC for IT integration has enabled the College to consolidate its network and migrate to single systems for many of its back office IT functions, such as finance, MIS/student records, HR, payroll etc.

41. While in the majority of cases the embedding of single systems and procedures has gone smoothly, there have been significant issues with the new MIS which incorporates its student records system. These issues severely impacted on the student bursary application process this year and because of this, payments to students were significantly delayed. However, once senior management became aware of the scale of the issue, they quickly implemented emergency measures to ensure all students had received at least a backdated interim award while working to resolve the wider issues.
42. Both staff and students expressed concern about reductions to the levels of student support staff at a time when the number of students requiring support is increasing. Many viewed this as a factor contributing to the bursary issues. However, the Principal and SMT considered the staffing levels to be appropriate, but acknowledge that there is a need to improve the level of skills within the existing staff structures.

### **Student engagement**

43. The introduction of the Programme Leader role (during AY 2015-16) is expected to improve student engagement, achievement and progression, and provide additional support for department management teams through embedding assigned time for guidance and support in the curriculum. During our discussions with students they frequently commended the support they have received from teaching staff (especially with regard to the bursary issues) which suggests that this is already having an impact.
44. The student engagement strategy was developed in consultation with staff and students and is designed to promote a student-centred approach to learning and teaching. It incorporates guidance, engagement, success and support as its main themes as well as outcomes of the recent Education Scotland review and best practice across the sector. It's too early to measure success but the impacts of this strategy will be monitored by SFC through the Outcome Agreement process and through the College's Education Scotland post-review Action Plan.
45. Along with the student engagement strategy, the learning and teaching strategy has been enhanced to better address the outcomes of the Education Scotland review in February 2015. As above, the impacts of this strategy, along with the learning and teaching tool, will be monitored by SFC and Education Scotland.
46. From the point of view of the Students' Association, they noted that their involvement with curriculum development was valued though they highlighted their frustration with the 'tokenistic' engagement offered by senior staff with the Outcome Agreement process. This was something echoed by staff who noted the potential benefits of increased involvement of students in the development of the College. The Principal, in responding to this, noted that the College's own

processes for developing the Outcome Agreement were evolving and that he is keen for the Students' Association to be more involved in the future. SFC will continue to monitor this development.

### **Financial management**

47. Financial management at the College is considered to be strong, with an experienced and appropriately qualified team coping well with the enhanced financial reporting requirements consequent to the re-classification of the College as a public body by the Office for National Statistics.
48. From an analysis of a Financial Forecast Return supplied by the College in July 2015, SFC concluded that the College was financially sustainable and that the return was prepared on the basis of prudent assumptions in relation to future income flows and expenditure. Deficits were forecast for the three future years in the forecast but, when adjusted for exceptional items, only 2015/16 showed an underlying deficit (of £64k). There is, however, a relatively large pensions deficit on the Balance Sheet (in common with most of the sector), though this does not present an imminent risk to continuing sustainability.

### **Conclusion**

49. The SFC considers that this merger has progressed well given the challenging context pre and post-merger. It can be regarded as a success in terms of the College's achievements thus far in reducing duplication and competition, making better use of existing resources, focusing on front-line delivery, developing stronger and effective regional engagement, improved engagement with employers and delivery efficiency savings.
50. However, while it has made good progress in developing and adopting College-wide systems and processes, it is clear from our discussions with staff and students that time is needed for these new systems and processes to mature and become fully embedded across all campuses before their full impact is evidenced. There remains much to be done to continue to improve outcomes for students. These issues were also identified by Education Scotland early last year following their review of the College and have subsequently been addressed in the College's Action Plan.
51. SFC considered whether a further post-merger evaluation visit to the College to assess ongoing progress on these important issues would be necessary. However, taking account of recent discussions with Education Scotland about the College's progress in delivery against the post-review Action Plan, we are reassured that the College is making continued improvement and working to address the main points that resulted in the earlier 'limited effectiveness' judgement.

52. We have concluded, therefore, that we do not need to pursue a further post-merger evaluation. Instead, we will continue to work with Fife College in collaboration with Education Scotland to ensure the College fully realises the benefits of the merger for students, staff and other stakeholders, which in our view is a more appropriate mechanism for continuing to monitor future progress. In addition we will continue to review future progress on all developments across the College through the normal Outcome Agreement process.