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 West College Scotland

February 2016

Background

1. On 1 August 2013, Reid Kerr College, Clydebank College and the Inverclyde campuses of James Watt College merged to form West College Scotland (WCS).

2. The six month post-merger evaluation in April 2014 showed that the merger was progressing well and SFC were impressed by the progress made at that stage.

3. In April 2015, Education Scotland undertook 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. ES judged that West College Scotland has in place effective arrangements to maintain and enhance the quality of its provision and outcomes for learners and other stakeholders. This is the highest level of assurance that ES awards.

Merger benefits

4. The West Region Merger Proposal Document, produced by the merging Colleges, proposed a number of wider benefits which the new College aims to deliver. These are:

- Enhanced capacity and scale to allow greater innovation and more opportunities to serve the skills development and economic needs of the region
- Provide greater opportunities for progression and greater choice for students across the whole region with opportunities available at each of the three campus locations that will reflect the breadth and scope of provision from entry level through to Higher Education
- A consistent and co-ordinated education service across the region.
- An efficient and flexible learner journey with less duplication of provision in the region but more choice for students
- Greater focus on economic need for workforce development
- Better opportunities for professional development and promotion for teaching and support staff
- A more efficient and co-ordinated approach to employer engagement
- Develop strategic partnership working initiatives and alliances with business and industry to grow and diversify income and ensure opportunities and skills training is provided to meet the needs of business in the key economic sectors
5. It was clear from the discussions that the SFC had with staff, students and the Board of Management that good progress has been made in delivering a number of these benefits

Efficiencies and benefits of scale

6. 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.

7. In its self-evaluation (given to SFC in September 2015) the College sets out the benefits of sharing knowledge and good practise across the campuses. Support and teaching staff are encouraged to work across the campuses where there are clear educational or service provision benefits in doing so. Students from other campuses have benefitted from access to specialist areas in Media at the Greenock campus and Engineering and Construction at the Paisley campus.

8. The College has also used its scale to forge a leadership role in the West region. Finding its regional footprint and perspective, combined with an elevated level of influence and authority, and this is a significant benefit of merger. This has been particularly useful in developing a regional approach to Developing the Young Workforce, where the College is taking a lead role, working across five local authority areas.

9. The College is also using its scale to form partnerships in a number of estates and regeneration projects and exploring shared services models, such as workforce development and secondments with the National Jubilee Hospital in Clydebank.

10. The College campus at Finnart Street in Greenock and the campus in Paisley are both in urgent need of renewal and the College is working actively with both SFC and Scottish Futures Trust to present solutions to the condition of the estate.
Improved outcomes for students

11. In its merger self-evaluation, the College highlights the introduction of practices and processes which it considers key to ensuring student attainment and engagement and our discussions with staff and students allow us to come to some conclusions about their potential impact.

12. Staff and students noted that there were improved and clearer pathways. For instance, all HN provision has been standardised to ensure any student in HNC or HND first year has the same opportunity to progress, no matter on which campus they started. Students have responded to the improved options and have started to choose to take up options in other campuses, potentially useful preparation for the world of work where mobility may be required.

13. Students are benefitting from standardised and improved articulation arrangements with Universities, which are made more desirable, feasible and manageable with the increased scale of the new College. For example, since merger, new articulation agreements are in place with Glasgow Caledonian University and Heriot-Watt University.

14. Staff noted the benefits of sharing best practice and resources, increased staffing levels, opportunities for progression and to work across campuses. Staff also felt that the number of students had increased.

15. In its review in April this year, Education Scotland noted that, in a few subject areas, the success rates for learners on full-time programmes are in line with the best in the sector, although the successful completion rate for part-time FE programmes is 69%, nine percentage points below national sector performance level. Overall performance within the majority of curriculum areas for these programmes is low.

16. Full-time student attainment improved in 2013-14, which the College attributes to the sharing of practice across curriculum areas prior to and after merger. However, student attainment has fallen back below 2013-2014 levels in 2014-15. The drop is much bigger in FE courses than HE (in fact part time HE has gone up). The College is currently investigating the reasons for this and it is not clear at this stage whether this is related to the merger in any way. We will continue to work closely with the college as it seeks to understand and address these issues.

Improved delivery of skills at a regional level

17. The merger has resulted in a single College which aims to deliver coherently across the West region, working with five Local Authorities, the NHS, the local Chambers of Commerce and two Universities. There was good evidence from the
College to confirm improved and more effective partnership working and collaboration opportunities as a result.

18. As already noted above, the College has used its increased scale to take a leadership role in the region. The Principal and Executive team represent the College on the key regional stakeholder groups and the College is the host organisation for the region’s employer-led Developing the Young Workforce Group. The Education Scotland review highlighted two examples of excellent practice in the development of employability skills through effective external partnership working: the College’s successful tender to deliver Hair and Beauty services to athletes participating in the Commonwealth Games in Glasgow; and student and staff involvement with Paisley Thread Museum to bring the Great Tapestry of Scotland exhibition to Paisley.

19. Employer engagement events are held by the College throughout the year at all campuses. Local industry representatives are invited to join an Advisory Group and to participate in the work placement programme.

20. The College has 500 employer partners, ranging from SMEs to multi-national companies and engage in four Community Planning Partnerships. The College analysis identified that employers consider the local educational landscape ‘cluttered’ and the College can help by acting as the conduit between the employers, local authorities and other agencies.

Financial efficiencies and savings

21. Prior to merger the financial position of the three legacy Colleges was considered to be secure. The merger business case forecasted savings in the region of £5.0 million between 2012-13 and 2014-15. The vast majority of these savings would be delivered through a voluntary severance scheme, which the Council assisted with an initial grant of £4.5 million, and planned to deliver a reduction of 127 posts. The VS scheme and related SFC grant was increased to £5.3m by a transfer of VS funding from Ayrshire, to reflect the actual split of staff at James Watt College between Ayrshire and the West.

22. James Watt College funded the departure of 34 staff under its VS scheme prior to merger. In total, the College has reported that to date it has reduced staffing numbers by 170 FTEs with recurrent payroll savings of £7.6m.

23. Further recurrent savings of £0.5m have also been achieved through the reduction in general overheads, centralised support services, improved procurement and wider use of shared resources.

24. The following table provides a more detailed breakdown of the recurrent savings delivered to date.
<table>
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<tr>
<th>West College Scotland merger savings</th>
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<tr>
<td><strong>Staff savings</strong></td>
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<tr>
<td>FTE Pre-merger</td>
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<tr>
<td>VS departures (FTE)</td>
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<tr>
<td>FTE at July 2015</td>
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<tr>
<td><strong>Total staff cost savings</strong></td>
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<td><strong>Other savings to date</strong></td>
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<tr>
<td>Utility costs</td>
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<tr>
<td>Memberships &amp; subscriptions</td>
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<tr>
<td>Marketing &amp; promotions</td>
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<tr>
<td>Procurement (insurance, audit, supplies &amp; services, transport)</td>
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<tr>
<td>Miscellaneous</td>
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<tr>
<td><strong>Total</strong></td>
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<td><strong>Total savings to July 2015</strong></td>
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**Effective leadership and governance**

25. The governance structure of the new College was established early in the merger process and the Board met monthly during the first year of merger. A Board recruitment process was implemented during October – November 2014, which has brought a range of talents and diversity of experience to it. The new Board members we met stated that they had no doubts when they joined in February 2015 that the College was a single entity. The Board also has an equal gender balance.

26. Since establishment the Board has been subject to a number of reviews and regularly reflects on arrangements to ensure continuous improvement. It is proud of its governance arrangements and has adopted the Code of Good Governance for Colleges. The Board voiced a willingness to engage in peer review work with other College Boards to share knowledge and experience. Board members also stressed the crucial role played by the Secretary to the Board, which has worked particularly effectively.

27. 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 the Committee system plays a key role in
ensuring the Board is engaged and assured that the College is on track. The Board and College are very clear on what are operational issues and what are governance issues.

28. The appointment of the new SMT was completed in December 2013. All senior managers were offered one-to-one mentoring and coaching by an external resource and also attended a two-day residential seminar in early 2014 to align behaviours, objectives and competencies.

29. Both the SMT and Board felt that the College was where they expected it to be at this stage of the merger.

Communications and engagement

30. Managing staff expectations has, and continues to be, a significant challenge for the College. Often staff and Trades Unions make a connection between funding cuts and the merger. Employee relations throughout the merger were generally very positive, but are perceived to have become more of a risk recently because of national issues, such as national pay bargaining, affecting local relationships.

31. Our discussions with staff suggested that most were generally happy with the levels of communication with management, felt they had been adequately consulted throughout the merger process, have been regularly asked for feedback and have opportunity to be involved in the development of the new College.

32. Students advised that lecturers were more actively using the Moodle virtual learning environment and regarded it as a very effective source of information. Students mainly get information about their courses, etc, from their lecturers. Students were aware of their Students’ Association, but engagement has been limited to date. The newly-elected Student President has plans to improve this.

Organisational development and culture change

33. Most of the teaching and support staff we met with considered the merger had been quick, challenging but ultimately successful, with good progress made towards a ‘one College culture’. More staff are involved in cross-campus collaboration, interaction and communication, which is helping to develop a single College mind-set in staff. Some staff perception issues were evident at the Greenock campus, with teaching staff feeling that provision has been reduced or moved to other campuses, or that budgets and meetings were biased towards the Paisley campus. Provision has evolved in Greenock as it has across all campuses. The College has sent us details of the curriculum changes at Greenock: six courses that had failed to recruit prior to the merger, had no clear progression routes, or were no longer what the market required were discontinued. However,
the full range of Sport provision, Biomedical Science and Business courses were added and schools and community provision is being developed.

34. Education Scotland noted in its review in April last year that staff feel that the merger and restructure process has been well handled by senior managers and that they are included and consulted. As a result, the Principal and senior managers are trusted by staff.

35. Students were generally positive about the curriculum offer and the quality of teaching, with very few changes to curriculum or location of courses, apart from the move from the Sports facility in Largs, previously shared with Sports Scotland, to Greenock. The student who mentioned this felt the change of campus had been very positive and delivered a better student experience.

36. Discussions with the Senior Team and the Board of Management focussed more on the wider region and the College’s place in it. It was felt that the footprint of the LAs has been challenging to manage but the College is now seen as the key facilitator/instigator for collaboration, the new College branding is well established and the word ‘merger’ tends to appear in references externally, such as the media, more than it does internally.

**Systems development integration**

37. In the first year of merger, the College operated using the legacy systems of the former Colleges. The College now has dedicated College-wide systems delivering all student records functions and student funding. The College has also migrated to single systems for its back office IT functions, such as Finance, MIS/student records, HR and Payroll.

38. While in the majority of cases the embedding of single systems and procedures has gone smoothly, we heard from students and staff of issues this year with the new integrated student funding system, as a result of which payments to students were delayed. It should be noted that there were issues prior to merger and at the six-month post-merger evaluation when three separate systems were still in use. The SMT suggested the issue this year is not purely a systems one and they are looking again at the whole process end-to-end. Discussions are ongoing, and solutions may include increased staffing in the bursary team and improved training. The College is also reviewing the online application process. SMT advised that an external facilitator will be brought in to assist with continuous improvement in this area.

**Student engagement**

39. The Students’ Association reported good working arrangements with the College management at the 6-month merger visit, although it expressed concerns about
the level of resources available to it at that time. At our meeting this time, the newly-elected Student President advised the College had been very helpful and provided guidance and support. There is a new structure for the Association, with a full-time sabbatical President and three Vice-Presidents, one on each of the main campuses. The Student President was clear about the available resources and how to access funding.

40. Education Scotland noted in its report that many class representatives were unclear about the appropriate processes for dealing with campus or College-wide issues. There are a large number of class representatives and the College will adopt a train-the-trainer approach to help sustainability from year-to-year.

41. The College had some difficulty last year engaging the previous Students’ Association in the College’s Committees, but hopes to have more effective engagement this year. The Student President attends the Learning, Teaching and Quality Committee and the Board were keen to extend the role of students on other Committees, as was the Student President. Due to the timing of the merger review he had only attended one Board meeting when we met, but he feels confident that he will be able to contribute effectively. We will continue to work with the College on effective progress in this area.

Financial management

42. 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 reclassification of the College as a public body by the Office for National Statistics.

43. From analysis of recent financial returns provided by the College, SFC concluded that the College is experiencing financial challenges with a deficit of £847,000 projected for the year ending 31 July 2016 due to a reduction in the level of student support grant. This financial position was reported to SFC on the basis that cash would be expended during 2015-2016 to ensure 2014-2015 levels of student support funding would be maintained, with this expenditure resulting in the £847,000 accounting deficit. This deficit is also reflected in recent resource returns provided by the College for the financial year ending 31 March 2016. SFC is currently engaging with the College to identify actions that can be taken to address the required level of student support funding for 2015-2016 and beyond. There is also ongoing dialogue with the College regarding cash flow problems concerning spend of historic estates monies held by James Watt College which transferred into West College Scotland on merger.
Conclusion

44. The SFC considers that this merger can be regarded a success in terms of the progress made by the College 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 delivering efficiency savings.

45. We are reassured that any ongoing issues identified during the post-merger evaluation are being addressed appropriately by the College. We will continue to review future progress through the normal Outcome Agreement process.