Post-16 Education (Scotland) Bill

Edinburgh College: supplementary evidence

Introduction

This document builds on the evidence provided by the Board of Edinburgh College on 18th January 2013. It focuses on key areas of consideration raised in the original evidence. The document seeks to provide greater insight based upon the practical experience gained from the managing a college merger process and the challenge of managing the resulting college.

The College Principal, Mandy Exley, will provide oral evidence to the Committee in February 2013.

Overview

We are supportive of the aims of the Bill. A move to a regional approach to the planning and delivery of further education will help to ensure that provision meets the needs of communities, learners and employers.

We welcome moves to widen access to university education. Colleges and universities combining their strengths should enable more cost effective access to higher education for both student and public funds.

We have concerns over the increased focus on young people in the 16-24 cohort, and believe this area is more problematic than allowed for in the Bill. We continue to provide educational opportunities for all adults within our communities together with building links with employers to support their staffing needs. We feel it is important to retain a flexible approach for the good of both commerce and learners.

A move away from this provision would adversely affect the opportunities for economic development particularly in our poorest communities. In addition we think it is vitally important that employees and employers are provided with a range of opportunities for personal and workforce development.

We have three areas of specific concern which are covered in more depth:

- Changes in Funding and Planning;
- Performance Measurement and Review;
- Unintended consequences of the current approach – the proposed pace of change.

Changes in Funding and Planning

The increased involvement of Skills Development Scotland (SDS) in the sector appears to be driven by the desire to collect more information about the student body without clarity as to how this information will improve opportunities for employment1.
Colleges already collect and remit substantial course and student data to the Scottish Funding Council (SFC)\(^1\).

We are concerned that this process may lead in time to colleges needing to develop extra student monitoring information and to interact in detail with a further regulatory body in addition to SFC and OSCR.

We have serious concerns over the potential policy and funding disconnect between SDS and those of the SFC. We are concerned that the increasing number of funding bodies and mechanisms may be inefficient and make it difficult for Regional colleges to plan effectively for a financially sustainable future.

Colleges have relatively fixed costs with a fully timetabled teaching workforce “committed” to course provision once the courses are opened to application nine months in advance of a term starting. It is unhelpful and inefficient for output targets and funding mechanisms to be changed mid-stream.

To cope with late changes, colleges have to cut or merge courses at late notice to the disadvantage of potential students; or alternatively design and offer new courses which may meet government targets but may not provide value in terms of student employment needs. These courses may require different delivery skills from those available from currently employed resources, increasing costs of delivery.

We agree with the process of outcome based monitoring and funding but colleges cannot currently change timetables overnight. Student, employer and employee expectations are set by two major start dates for courses; September and January. Moves to change or stop courses need time for consultation with students and those college employees affected by the changes.

We would welcome a dialogue which seeks to identify the educational and employment trends within our Region and nationally to enable a partnership approach to planning, funding and delivery of Further and Higher Education.

This process need not shy away from the challenges of reduced public funding, but should provide a better chance of colleges meeting the needs of students and the wider community than the current approach which appears to “rush” through changes to funding structures and amounts with little obvious thought or understanding of the operational challenges of delivery.

**Performance Measurement and Review**

We endorse the need for a common approach at regional level and the need for greater central planning and strategic control. However, there appears to be a gap in the governance framework and the intention to provide more central control\(^2\). What appears to be missing at this stage is reference to a framework for performance measurement, decision making, review and appeal when seeking to identify a “non-performing” college and the reasons for such non-performance\(^2\).

\(^1\) Bill S15  
\(^2\) Bill S12
In our view Outcome Agreements with SFC could play a central role in this process, and while we recognise that work on outcome agreements is on-going, we believe it would be useful for the supporting information to the Bill to recognise this process or such successor processes as providing the framework for performance review.

**Unintended consequences of the present approach – the pace and complexity of change**

We welcome the direction of the Bill and the move towards increased strategic planning and accountability, particularly within our local communities. However we are very worried that this potentially positive development will be undermined because of the pace of change relative to changes in funding and provision.

As identified in Clause 7 of the Policy Memorandum, college mergers have the potential to save substantial sums of public money. Similarly, changes in the funding criteria and policies could potentially help provide better focus and responsiveness. However, those processes are jeopardised if change is not coordinated and the pace of change achievable.

We commented earlier on the changes in funding mechanisms and the threat of a disjointed approach between the SFC and SDS. This needs to be addressed urgently. As importantly, merger and regionalisation activity is being undertaken against a backdrop of rapidly reducing funding to the FE sector (i.e. the potential savings identified are already being “banked”).

The merging regional colleges need to reduce costs rapidly to remain financially sustainable whilst at the same time bringing together differing cultures, curriculum, management and administrative approaches. The scale of this challenge should not be underestimated and there is a risk that opportunities for our students and our communities will be compromised.

The majority of costs within the colleges relate to staff. The push to rapidly reduce staff is being supported by central funding but the speed of reduction will lead to knowledge being lost and will stretch management capabilities. These changes are taking place in the context of “preferred no compulsory redundancy policies” when employment opportunities are limited and employees face considerable employment uncertainties. Taken together, these factors may lead to many staff simply “staying put” hence achieving the required reduction of staff costs is complex. Within Edinburgh College management staff will reduce by 50% in the ten month period post-merger. This is clearly referenced within the merger business case and in real terms is a reduction in both costs and number of posts. The reduced teams will manage the same level of curriculum delivery as before, broadly the same number of staff and deliver the restructuring activity required across academic and support areas to ensure institutional sustainability.

It is inevitable that some areas of academic and student support activity will cease. In most cases this will be as a result of a rational process which identifies the weakest area of provision against the new direction of the sector. However, there may need to be an element of compulsion if the job reductions required for sustainability are to be achieved.
Colleges need clarity on the proposed timetable, costs and funding support for the delivery of long term changes to the sector. Harmonisation of terms and conditions will require funding. If funding is not available centrally, colleges will need to further reduce costs; primarily staff costs in order to fund these changes. The importance of a “national contract” for the terms and conditions of employment of staff directly related to learning and teaching, if not national pay would be an important support for merging colleges, both in terms of financial and workforce planning.

The cost of merging back office services should not be overlooked. This has been specifically excluded from any central merger funding but combining payroll, HR, finance and student record systems is a material activity. Management, staff and cash resources are required.

Meeting the changing needs of students will require continuing investment in both technology and buildings. Colleges will also need the flexibility to change the process and style of curriculum delivery; this must be considered in any harmonisation process.

Colleges face difficult choices. If costs are not reduced, there will be less cash available for investment in teaching technology; potentially short changing our students.

Edinburgh College currently holds cash balances of circa £11m. This represents only two months expenditure on staff and other operating costs. There is little room for error and delaying the process of job reduction whilst core grant funding continues to be cut will lead to problems.

We believe savings and efficiencies can be achieved, but the current pace of financial cuts runs the risk of creating a funding crisis and short term staffing and educational difficulties which actually militate against the successful achievement of those positive changes.