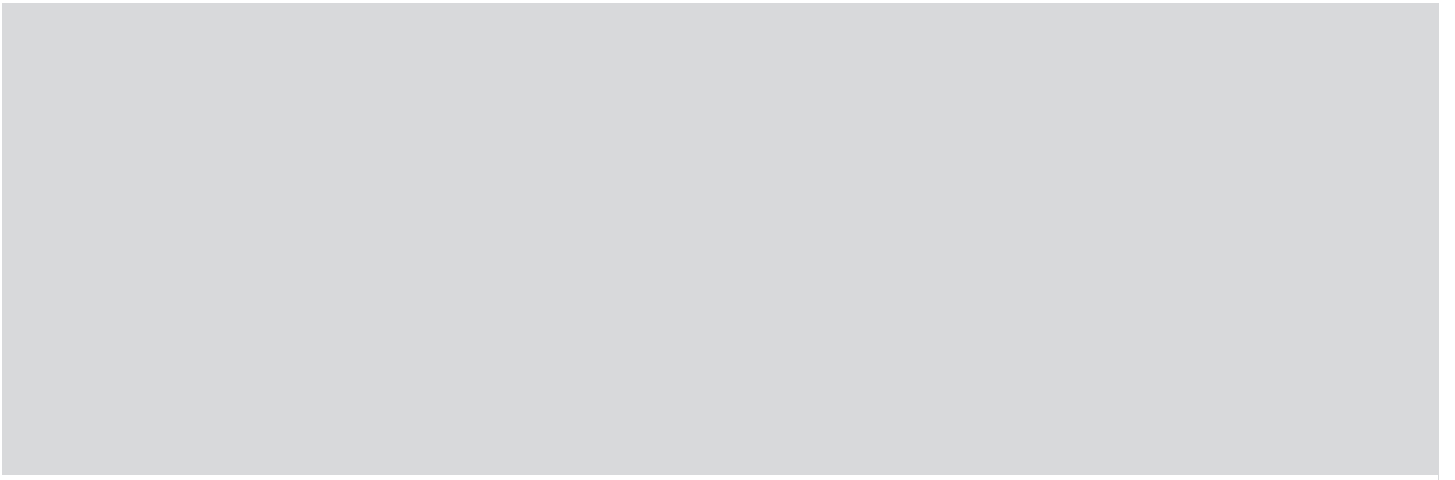


Consultation Document

For a merger between Barnet College and Southgate College
January 2011





Foreword



We propose the merger of two neighbouring London colleges who share the **same** learner and employer communities to ensure that an effective and responsive learner offer is maintained across North London (especially in the London Boroughs of Barnet and Enfield). We are committed to ensuring that both local communities have a strong voice in the merged College. Both College Corporations already have a detailed understanding of local issues and needs.

Our vision for the merged college is for it to be vibrant, dynamic and diverse, an environment where local provision is championed and neighbourhood participation encouraged at every level. We are committed to improved learner choice and increasing the breadth of provision.

Both Colleges are currently successful independently, but a merged institution would secure a sound future whilst responding to the implications of the national environment over the next few years. We are confident that learner success rates will also improve in the merged organisation.

Neither College is a 'failing' or 'weak' college, either in a financial sense or in terms of the quality of its teaching and learning. This is a strategic merger, driven by the needs of learners, future learners and employers. We want to design a new College that is better able to confront today's and tomorrow's challenges and respond better to individual and community challenges and needs.

This document sets out in more detail the benefits we think would be secured by a merger.

The proposal is subject to a statutory requirement for a Public Consultation period lasting one month. The Skills Funding Agency will then consider the results of this Consultation along with other factors and information before making a decision on whether to forward the final merger proposal to the Secretary of State for Business Innovation and Skills. If approval from the Secretary of State is received, we anticipate the merger would take place in August 2011.

Your views on this merger proposal are welcomed. Please respond by 2 March 2011. Further information and where you can make a response can be found at: <http://skillsfundingagency.bis.gov.uk/providers/allthelatest/consultations/>.

David Thomas

Chair of Governors for Barnet College

Ann Zinkin

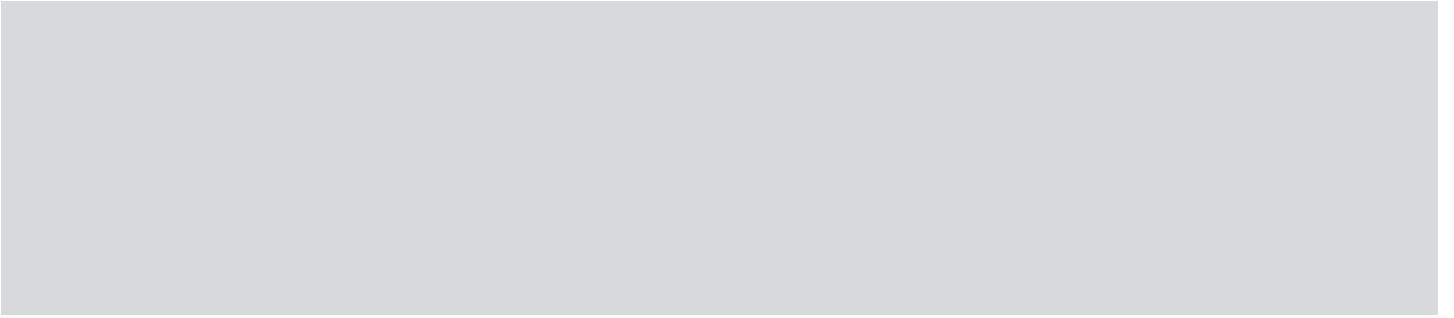
Chair of Governors for Southgate College

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Executive Summary

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1.1 This Consultation document proposes a merger between Barnet College and Southgate College. It follows a Strategic Options Review undertaken independently by both Colleges, examining the structural need for change and the different collaboration options available.

1.2 The Colleges both operate in North London, in the Boroughs of Barnet and Enfield, although they attract learners from a wider area. They are both graded by independent bodies as satisfactory or better in the areas of quality of their teaching and learning provision and in their financial health. This is therefore a strategic merger, driven by the needs of learners, future learners, employers and local stakeholders. Both Colleges have a shared passion for supporting learners, employers and their local communities. A new College will be forged that is better able to confront today's and tomorrow's challenges and respond better to individual and community challenges and needs.

1.3 The challenges of the national, regional and local environment in which the two Colleges operate are becoming acute, as they are for all further education colleges. Integrated strategies to up-skill the workforce and drive the development of local communities are required at the same time as an unprecedented reduction in public funding. The option of not taking any form of formal, external collaboration further is assessed as unsustainable for both Colleges.

1.4 The Colleges have examined the implications of the merger for teaching quality, financial costs and benefits,

the impact on other further education providers in North London and on equality and diversity of learners and college staff. The assessment concluded that in each of these areas the merger would have a positive impact either immediately or within a short period of time.

1.5 The assessment has also identified synergies between the two Colleges' teaching and learning provision which would be exploited in the merger. For example, there are different strengths and there is a different focus within many curriculum areas. The Colleges have a shared vision for the future, set out in this proposal. Guided by that vision and based on the analysis undertaken, the Colleges believe the following benefits can be delivered through merger:

For learners and potential learners:

- *Higher quality and more innovative teaching and learning, with significantly improved success rates;*
- *Better internal learner progression opportunities and progression on to higher education, higher skills and employment;*
- *Greater breadth of learning offer to Enfield and Barnet residents and improving learner choice by reinvesting in the learner offer and experience;*
- *Eliminating the risk of any loss of specialisms;*
- *Easier access to learning.*
- *Widening the diversity of provision.*

For Employers:

- *A more responsive offer to local and regional employer needs;*
- *Central access to a wider range of opportunities;*
- *Boosting access to Apprenticeships;*
- *Raising strategic ability to anticipate and meet future skills needs;*
- *Reducing any duplication of contact with employers.*

For Communities:

- *Sustained delivery and presence across the Boroughs of Barnet, Enfield and beyond in the face of significant reduction in funding support;*
- *A more pro-active and responsive College in local issues and meeting local needs;*
- *Commitment to local access;*
- *Stronger local partnerships, particularly with the third sector and the emerging Local Enterprise Partnerships.*

1.6 The existing Corporations have also made some key decisions about how the new, merged Corporation would be established and function. In particular, it is an agreed basis of the merger proposal and a commitment from both existing Governing Bodies that:

- *Key learning opportunities located in both Barnet and Enfield Boroughs remain a central basis of the vision.*
- *The new College would work in partnership and build on existing collaboration arrangements with schools and other North London further and higher education providers.*



- The new, merged Corporation, within a short period of time or by increasing the overall size of the Corporation, would be composed of equal shares of Governors from each of the current Governing Boards. The aim is to retain diverse expertise and to demonstrate that the interests of both organisations and their local areas will be preserved in the new organisation.

1.7 The Colleges believe that the proposed merger is in the interests of all learners, employers, local communities across North London and also College staff. The Colleges welcome the opportunity to consult on these proposals and stand ready to consider and address issues that are raised in the consultation.



2. National, Regional and Local Context

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2.1 The Department for Business, Innovation and Skills, the Department for Education and the Department for Work and Pensions emphasise the central role of skills and training to employment, productivity, growth and social mobility within a tight fiscal envelope of public funding. The new Coalition Government recognises the centrality of further education colleges in the delivery of their national Skills Strategies.

2.2 In regional terms, London has the lowest employment rate in the UK. The Skills and Employment Strategy for London (2009-2014) has the objectives of increasing the supply of skills and tackling the high levels of worklessness and those with no qualifications or low skills levels. The merged College will continue to give cognisance to the London Skills and Employment Board strategy which has adapted to reflect the unprecedented global economic events which have impacted on London. Current key challenges are:

- Increasing graduate unemployment;
- Over reliance on migrant labour;
- Ongoing skills gaps at level 4 and above;
- Reduced employment opportunities at level 2 and below;
- Significant competition for low skilled jobs;

2.3 Many Barnet and Enfield residents work in the wider London environment outside their immediate Boroughs. Both Colleges therefore recognise and respond to the Greater London skills needs.

2.4 The Borough of Enfield combines prosperous suburbs within easy reach of Central London with less affluent areas in the east and south. Eastern wards contain localities that are in the most deprived 10% in England. Higher level skills and the employment rates are well below the London average. The Enfield Skills and Employment Strategy (2008-2011) identifies raising skill levels and overcoming barriers to starting work as priorities.

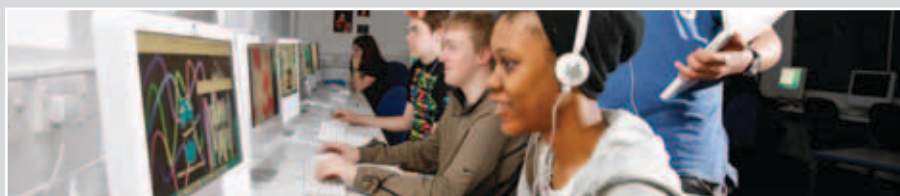
2.5 Although the Borough of Barnet is less deprived than Enfield, there are still wards which are very deprived. Unemployment rates are higher than the national average in these wards. Barnet Council's Sustainable Community Strategy 2008-2018 sets the ambition for residents to have the right skills, so that disadvantaged groups can enter the labour market and the wider population can access employment and regeneration opportunities. Meanwhile both Boroughs need to reduce their dependence on public sector employment, which has been one of the largest and fastest growing sectors, in order to sustain and boost job creation.

2.6 The economies of Enfield and Barnet comprise of many small businesses: over 90% of local firms employ fewer than 20 people. Therefore the Colleges' key local employer target is that of SMEs and micro businesses. A joint approach will enhance and simplify these employers' access to information and training.

2.7 In this complex and challenging context, staying the same is not an option for any further education (FE) institution. College strategies to reduce costs on

their own can only continue for so long without undermining financial viability. Both Colleges have anticipated this risk and are looking to mitigate it. A range of external collaboration opportunities have been assessed independently by each College. Both are intending to pursue shared back office services collaboration with other FE providers, but the challenging context demands solutions that go deeper and wider than this. The Governors of both organisations decided that merger represented the most effective option to safeguard learner and employer interests in Barnet and Enfield.

3. Background on the Colleges



3.1 Between them Barnet and Southgate Colleges have over 19,000 learners. Barnet is the larger of the two Colleges with over 12,700 learners. Southgate has around 6,500 learners. Both have the majority of their learners aged 19 or above. Within these totals, black and ethnic minority groups tend to be over-represented in attendance at both Colleges compared to the wider

Borough populations of both Enfield and Barnet.

3.2 We are confident that the merged college will be able to maintain their existing market share for full time 16-18 learners and full time adult learners. A reduction in part time adults is anticipated for 2011/12 and 2012/13 as a result of the changes to benefits and

age entitlements. However the learner offer will continue to be changed to meet increasing customer expectations as individual and employer financial contributions to learning grow. Adult learner numbers should therefore grow again by 2013/14.

Learners by age and mode of attendance		BARNET COLLEGE				
		2009/10	2010/11	2011/12	2012/13	2013/14
Full – Time Learners	16-18	2318	2350	2350	2350	2350
	19+	1341	1300	1300	1300	1300
Part-Time Learners	16-18	394	334	350	350	350
	19+	6638	7000	6000	5500	6000

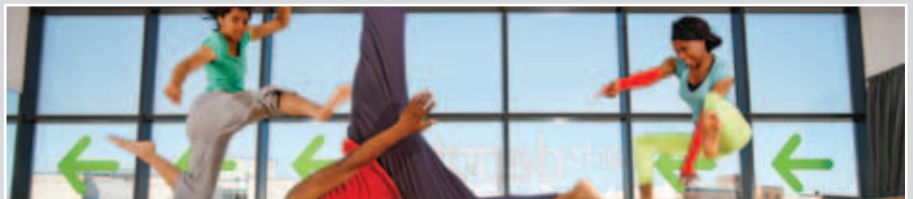
Learners by age and mode of attendance		SOUTHGATE COLLEGE				
		2009/10	2010/11	2011/12	2012/13	2013/14
Full – Time Learners	16-18	1080	1170	1170	1170	1170
	19+	1530	1060	1100	1100	1100
Part-Time Learners	16-18	820	490	500	500	500
	19+	5450	3540	3200	3000	3200

TOTAL		19571	17244	15970	15270	15970
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16-18, Adult Responsiveness and Employer-Responsive learner numbers (excludes Full Cost, HE and 14-16)

3. Background on the Colleges (Continued)

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3.3 To support the vocational needs of its 14-16 year old learners, Southgate College links with local schools to support approximately 800 learners through its innovative “Young College” and pre Apprenticeship programme. The College also works with local schools on the delivery of Diplomas within the areas of ICT, Construction, Hospitality and Sport. Other partners include:

- The Tottenham Hotspur Foundation & Saracens within the Sports provision which is one of the main specialisms for the College;
- Middlesex University on the delivery of the higher education (HE) provision which incorporates Foundation Degrees, HNC/HND and the Teacher Training programme at the College;
- A number of national businesses (such as Harrods Stores Ltd and Morelli Group Ltd) and local businesses through training, including Apprenticeships, and other partnership opportunities.

3.4 Barnet College also works well with local schools to deliver an increasing range of provision for learners aged 14–16. School leaders value the flexibility of these arrangements, which in some instances involve college staff delivering courses in the schools. The College leads on four lines of the Diplomas: Creative and Media, Society, Health and Development, Hair and Beauty and Hospitality. The College is exploring significant partnerships with the charitable sector to expand its ‘Outstanding’ provision for learners with learning difficulties and disabilities. The College also has extensive HE provision in partnerships with Middlesex

University, University of Hertfordshire and other Higher education Institutions. Other partners include:

- The Arsenal and Tottenham Hotspurs Football Clubs that deliver spectator safety qualifications to over 300 learners annually;
- Morrisons, Co-Op, Jempsons, Norbert Dentressangle, Dairy Crest and Pickfords on the delivery of NVQ 3 Driving Goods Vehicle which was rated ‘Outstanding’ by Ofsted in 2009;
- Significant numbers of 16-18 Apprentices supporting local childcare providers in Level 2 Childcare qualifications.

3.5 Barnet College has extensive links with employers, including training programmes rated ‘Outstanding’ by Ofsted in 2009. A seven year partnership with London Underground supported more than 10,000 employees in the rail industry gain qualifications through the College.

3.6 During the past 12 months Barnet College has significantly increased its Apprenticeship offer (600 planned learners for 2010/11). This growing expertise will support the expansion of the Apprenticeship offer for North London through the merged College. The majority of these learners are male and 16-18 years old. This helps to reverse the current imbalance as both Colleges currently have a greater percentage of female learners overall.

3.7 Both Colleges work closely with the 14-19 Partnership in each Borough. Both Colleges are viewed as significant contributors to social cohesion strategies in each Borough. The

Colleges’ successful community-based learning is a key feature and part of a proud tradition of reaching out and helping local community delivery. Barnet College holds the local Adult Safeguarded Learning (ASL) contract. This work will remain an integral part of the overarching strategy to build on the Coalition Government’s “big society” concept over the next few years.

3.8 Barnet College is also working with NIACE to promote ESOL opportunities to Gurkha community groups. As a result, existing ESOL provision at Barnet College is accessed by the Gurkha communities living in North London.

4. Our Vision and Objectives of the Merger



4.1 The Colleges have worked together to ensure they have a shared vision of what a merger is intended to deliver. Whilst financial considerations and the need to make efficiencies have been drivers, they have not been the motivation behind reform. Both Colleges have a shared passion for supporting learners, employers and their local communities.

4.2 At the heart of this merger is the ability to offer our stakeholders local access to the widest and highest quality range of educational, training and recreational programmes.

4.3 Neither College is a failing or 'weak' college either in a financial sense or in terms of the quality of its teaching and learning. This is a strategic merger, driven by the needs of learners, future learners and employers. We want to design a new College that is better able to confront today's and tomorrow's challenges and respond better to individual and community challenges and needs.

4.4 This proposed merger is about:

- Continuing our drive to improve teaching and learning quality;
- Providing an inspirational learning and working environment;
- Widening access to learning amongst more learners and employers;
- Putting learners and employers at the centre of our services so that we become more responsive to their needs; and
- Playing a stronger role in our local communities, helping to solve problems that go beyond skill needs.

4.5 We believe the merger can help us achieve each of these outcomes more easily and indeed represents our proposed solution to achieving them in an environment of significant lower public funding. Our aspiration is to increase success rates in the merged College by at least 9 percentage points from 2009/10 outcomes.

4.6 Governors of both Colleges have agreed the following vision and objectives that a merged institution should aim to deliver:

Vision

- Excellence in teaching and learning;
- A high quality learning and training offer centred on the needs of individuals and employers, flexible to rapidly changing needs, inspiring progression to higher skills and lifelong training, and an environment highly supportive of innovation and creativity;
- Recognition of excellence and service responsiveness driving up and widening participation of young people (particularly those not in education, employment or training) and adults in learning and training across North London; and
- Building social inclusion and wider economic prosperity through our learning offer which provides the skills to get people into jobs and through our role in supporting local communities.

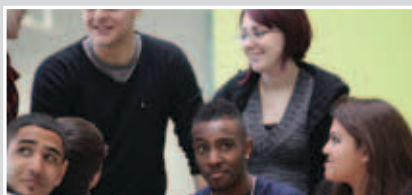
Objectives

- Improve **learner achievement** and success rates across all curriculum areas (an aspirational target of an increase in 9 percentage points on 2009/10 outcomes);

- Meet **learner and employer skill needs** through a more specialist and tailored offer;
- Increase the **participation** rate in learning and training for all ages across Barnet and Enfield;
- Build **social inclusion** and wider economic prosperity through our learning offer which provides the **skills to get people into jobs**;
- Forge **progression routes** for all learners to deliver real life long learning (in particular significantly increased internal progression up to level 3, higher education and sustainable employment outcomes);
- Deliver year-on-year financial reductions for the first four years post-merger, to build a **strong financial position**;
- Develop **separate and strengthened identities**, to meet local needs; Maintain local 'brands' and ensure the merged College benefits from what is best from each College currently;
- **Recognition by learners and employers as the leading provider in North London** (demonstrated by increased learner and employer fee income).

5. Impact on Learner Offer

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Current and Future Skills Needs

5.1 In terms of those about to enter the labour market, Enfield has a larger proportion of 0–15 year olds than Barnet. Barnet's proportion of 0–15 year olds is in line with the London average. Greater London Authority projections suggest the 14-19 population in both Boroughs will increase from 2011 to 2021 by around 3% in Enfield and 10% in Barnet. A high proportion of Enfield's young adults are economically inactive. Most of this group are young women. Although Barnet has a lower level of those not in education, employment or training (NEETs) compared to the national and London average, the problem remains high within geographical pockets.

5.2 The Enfield 14-19 strategy concentrates on motivating disengaged learners and reducing NEET numbers. The 'Enfield Entitlement' offers all young people in Enfield strong pathways and progression into work-based learning. The Borough Council Strategy seeks to expand the curriculum offer at all levels to young people to support the transition to work and to expand routes to work including Diplomas and Apprenticeships.

5.3 Priorities for the London Borough of Barnet include broadening the 14–19 pathways for education and training to meet learner needs, developing employability skills of young people and more inclusive learning environments to support Diplomas, Apprenticeships and Foundation Learning.

5.4 The top three major industrial sectors (in terms of share of employment) are the same in Enfield and Barnet. They are:

- Public administration, health and education;
- Distribution, hotels and restaurants; and
- Banking, finance and insurance.

5.5 In both Boroughs, these sectors combined account for an overwhelming majority of the economy. Key areas of growth for the Boroughs (taken from a range of sources including *Enfield's Skills and Employment Strategy 2008-2011*) include the following:

- Health and social work;
- Retail, hospitality;
- Transport and communications;

5.6 While there are job opportunities likely to require only lower level skills, it is estimated that nearly half of all new jobs will be created in the top 3 occupational categories (managers, professionals and associate professional and technical occupations). This need for higher skills is consistent with the wider London labour market assessment. Even in sectors such as retail or hospitality, there is increasing expectations amongst employers that staff have a level 2 or 3 qualification at least.

5.7 The recent Coalition Government strategy *Investing in Skills for Sustainable Growth* emphasises the importance and national priority given to education and skills training for people with learning difficulties and / or disabilities (LDD). It is also a local priority. For example, the Enfield Skills and Employment Strategy highlights the low employment rate (50%) for disabled people. The Barnet Children and Young People's Plan 2010-13 prioritises better

and earlier interventions to support LDD learners.

Meeting Future Skills Needs

5.8 The Colleges' analysis indicates that there are clear synergies that could and should be exploited through the merger. For example, the different emphasis on Level 2 and Level 3 provision between the two Colleges means that a merger would strengthen learner progression routes. Barnet College is strong in its breadth of training for employers. Both Colleges can benefit from a combined, wider network of employer links to boost the number of Apprenticeship places. Barnet College was found by Ofsted to have 'Outstanding' specialist LDD and mental health provision. Both Colleges want to spread that best practice and work with community partners to protect and expand this provision, responding to the needs of vulnerable learners within both communities.

5.9 The future course offer will be guided by longer term skill needs, as identified above. By necessity, the exact offer will be determined on an annual basis, taking into account funding and immediate learner and employer needs. Both Colleges recognise the vital role of the 14-19 partnerships in each Borough. The merged College will ensure that these partnerships are fully consulted about any proposed curriculum change and will continue to respond to the emerging local priorities. These priorities will change as the number of academies increases and compulsory participation moves up to 18 year olds.



The merged College will be an active member of 14-19 partnerships and will respond to local area priorities by adopting key principles to guide the development of the learner offer, including:

- **Access.** The College Corporations are committed to meeting local needs by considering both the type and the location of provision; The merger will increase the capacity of the merged College to invest in partnerships with Barnet and Enfield Schools, Sixth Form Colleges, Colleges and Universities. That will be used to support both Borough's 14–19 strategy of widening and expanding the curriculum offer.
- **Quality.** The merger will raise overall quality, any poor quality provision will be phased out;
- **Learner and Employer Demand.** The merged College will continue to prioritise the learner offer to those sectors expanding, including retail, health, hospitality and transport. It will also adjust to the levels of skills required, including prioritising Apprenticeships as a means to meet the demand for Level 3 technical skills.
- **Learner Progression.** As well as exploiting the existing synergies of the two Colleges' offer to formalise and improve learner progression, the merger will also act on plans already being developed at Southgate College to develop NVQ Level 4 Apprenticeship Frameworks as a means to improve vocational learner progression into Higher education and into employment.
- **Employer Responsiveness and Engagement.** The Colleges will use their enhanced business development team to

raise strategic capacity. Provision will be developed to anticipate future demand.

- 5.10 As well as taking advantage of better progression routes and responsiveness to more employers, the merger will allow a greater breadth of learner offer. It will allow the Colleges to specialise or share facilities thereby keeping costs down and focussing on what they each do well, without compromising the overall breadth of offer.
- 5.11 The Coalition Government's Skills for Sustainable Growth Strategy sets out high level measures of success for the further education sector. The Colleges believe the merger will support strongly the delivery of these measures.

6. Benefits of the Merger

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Learners and potential learners

6.1 The benefits for learners and future learners have been identified as the following:

- Higher quality and more innovative teaching and learning: Through peer review, learning from what each College does best and focussing on strengths, learners will get a better experience. One of the key criteria in the merger process was looking for a partner with differing strengths and weaknesses. In addition, both Colleges have already demonstrated their approach to innovation through their successful bid to the FE Innovation Fund, funded by the Skills Funding Agency for colleges able to demonstrate ground-breaking collaboration projects that can enhance the way further education is delivered.
- Better learner progression to higher skills: Each College focuses on different levels of provision. For example, Barnet College has more enrolments at Level 3 qualification and Higher education courses whereas Southgate College's focus is more at Level 2 qualifications and 14-16 year old learners. The opportunities to progress between levels of courses and throughout a learner's life will be exploited by a merger of the two Colleges;
- Greater breadth of learning offer to Enfield and Barnet residents: Learners will have more specialised opportunities than if we did not pursue the merger. We are committed to re-investing merger savings from management and back office services into frontline teaching and learning;
- Easier access to learning: Studying across the wider offer, post merger, will

become easier. Learners will be able to access the prospectus, apply for multiple courses or seek advice and guidance through a single entry route.

- Employability programmes: The increased financial viability of the merged College will ensure it can engage in the emerging welfare to work programme area which is likely to be more outcome funding related.
- International expansion: Barnet College is a current member of the 157 group who have established a British Colleges' Consortium brand for international marketing. This business opportunity can be developed within the merged College.

Employers

6.2 The benefits to employers of the merger will be:

- A more responsive offer to local and regional employer needs: Learning from what each College does best, employers will get a better experience;
- Central access to a wider range of opportunities: Using Barnet College's greater links to business to expand and deepen partnerships with employers, allowing employers to access opportunities from one point of contact;
- Boosting access to Apprenticeships: Increasing the pool of Apprenticeships and improving access to those opportunities by matching learners and employers to opportunities through one contact point;
- Raising strategic ability: Combining the two existing business development teams to raise capacity to understand and direct provision to meet future skills

and employment gaps.

Our Communities

6.3 Both Governing Bodies believe that the new College will be the hub and beacon for community groups and local residents. The benefits to the community include:

- Sustained delivery and presence across the Boroughs of Barnet, Enfield and beyond: Without merger, the Colleges believe greater contraction and withdrawal of support either in certain areas or for certain community groups is inevitable. We believe the merger will protect our communities from this;
- A more pro-active College in local issues and meeting local needs: Both Colleges are committed to understanding and helping to meet local needs, and not just skill needs. The Colleges want to continue and enhance their role in community cohesion, for example, building on the themes of the 'Big Society' and the contribution they already make to the promotion of local volunteering. The merger will provide a stronger infrastructure to support community development workers, make the best use of community 'intelligence' and create resilience across social enterprises;
- Commitment to local access: While we want to specialise and get different parts of the merged College to focus on what they do best, we understand that some learners, often those on lower qualification courses, will not travel so far to learn. We are committed to maintaining local provision at lower course levels and undertake impact assessments where moving the location of teaching and learning is proposed.



- Stronger local partnerships: For example, Southgate College has been increasing provision and locations at which it offers community-based learning, in particular basic skills and ESOL (English for Speakers of Other Languages). This has involved expanding an already large network of partnerships with schools and children's centres. The merged College would have more capacity to offer sub-contracting where community-based private and third sector training providers are making a vital contribution but fall under new Skills Funding Agency and Jobcentre Plus minimum contract values.

College staff

6.4 The Corporations of both Colleges recognise that staff are the key resource for the merged College and that staff at both Colleges will be crucial to the merger success. Benefits for staff are also anticipated from the merger:

- More stable employer in the longer-term: The merger would help ensure that the College can thrive in an environment of lower funding and competition for scarce resources. By planning for this longer term position, the College as an employer will be in a more stable position;
- Longer-term, more job opportunities than in a non-merger situation: While we envisage the merger would achieve savings through reductions in the number of employees, the Colleges believe this will be less than in a position where there is no merger;
- Greater career opportunities for staff: In a larger and more diverse organisation there would be a wider range of

teaching, management and support roles, more opportunities for career progression and wider staff development opportunities, including through the sharing of best practice.



7. Impact of Merger on Quality

Success rates by College and Subject Area

	Barnet College	Southgate College
Arts, Media and Publishing	69.2%	79.9%
Business, Administration and Law	69.5%	76.5%
Construction, Planning	81.1%	68.3%
Education and Training	57.1%	-
Engineering and Manufacturing	72.2%	71.8%
Health, Public Services and Care	67.9%	90.2%
History, Philosophy and Theology	68.2%	-
ICT	58.1%	81.0%
Languages, Literature and Culture	79.4%	72.1%
Leisure, Travel and Tourism	58.3%	84.4%
Preparation for Life and Work	75.0%	76.4%
Retail and Commercial Enterprise	76.5%	87.4%
Science and Mathematics	70.5%	77.5%
Social Sciences	78.2%	73.5%

FE Course success rates, 2008/09

7.1 The merger is designed to drive up quality improvement in both Colleges. One of the criteria used by Governors in deciding on a merger partner was the extent to which a partner had different strengths and weaknesses across subject areas. Barnet and Southgate Colleges have relative strengths and weaknesses in different areas.

7.2 Both Colleges were inspected by Ofsted in 2009. In terms of overall ratings for effectiveness of provision, capacity to improve, outcomes for learners, quality of provision, leadership and management, safeguarding and equality and diversity, Barnet College was graded 2, or 'good' and Southgate College was graded 3 or 'satisfactory' in each of these categories.

7.3 Both Colleges are IIP-recognised and Barnet College holds the Matrix award and the two ticks recognition for its approach to disability.

7.4 A comparison of the success rates by curriculum areas for each College is set out in the table below. Areas of strength in 2008-2009 for Southgate College included the areas of Arts, Media and Publishing; Health, Public Services and Care; ICT; Leisure, Travel and Culture; and Retail and Commercial Enterprise. Areas of strength for Barnet College included the areas of Health and Social Care, Business and Business Professional, LDD, Hair and Beauty, Commercial Enterprise, Construction and Planning; Languages, Literature and Culture; and Social Sciences.

7.5 Both Colleges will continue, and the merged College entity would sustain their robust approach to quality, through rigorous evaluation, review and required year on year improvement. However, the quality dividend would be much stronger, adding value to what either College could have achieved individually. For example, where specialisation occurs by site, community and access considerations will be a key criterion. But the decision will also take into account quality. Lower quality courses would either be phased out or rapidly improved through sharing of best practice and identification of staff with the stronger skills from the larger, wider team in each curriculum area.

7.6 The merger would impact on the immediate, medium and longer term quality position leading up to and following a merger:

- Management action is expected to improve quality throughout 2010-2011 leading up to the point where the Colleges could merge;
- Having looked at the experience of previous mergers we anticipate that 2011-2012 success rates for the merged College are likely to be just slightly below the 2010-2011 levels of the current higher performing College by curriculum area;
- From 2012-2013, the full benefit of merger on quality would become apparent. All curriculum areas would have a success rate higher than the highest rate across the two Colleges at the time of merger. The aspirational target would be for the merged College to attain a 9 percentage point increase in learner success rates above the 2009/10 outcome.

8. Impact of Proposals on other Further education Providers



8.1 The merger is not being pursued to divert the flow of learners away from other FE providers. In the context of falling public investment, learner demand is more likely to outstrip supply of places. This creates more emphasis on efficiency to sustain the number of people in learning rather than competition for learners between providers.

8.2 To inform consideration of how the merger would impact on other providers of further education in North London, the two Colleges commissioned analysis of current travel-to-learn patterns of their learners. The analysis was also able to draw on previous analysis of the travel-to-learn patterns of other North London further education colleges undertaken in 2008. This analysis found that a merger between Barnet and Southgate Colleges would not have a significant impact on learner numbers or finance in other colleges and further education providers in North London.

8.3 The merged College will seek to work in partnership with all North London providers. Barnet and Southgate Colleges are committed to continue their collaboration on shared back office services with other North London colleges both during and after the proposed merger process. This is already in evidence through the FE innovation Fund partnership with seven London Colleges.



9. Financial costs and benefits to colleges and to public funds

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9.1 The Skills Funding Agency (SFA) monitors the financial health of FE providers. It assesses the overall grade for financial health as: outstanding, good, satisfactory or inadequate.

9.2 Using the SFA methodology for calculating financial health, Barnet College expects to move from a current 'satisfactory' grading to 'outstanding' by 2012-2013. Southgate College achieved a 'satisfactory' grade in 2009-2010. The latest financial forecast, agreed with the SFA, affirms Southgate College moving to a "good" grading after taking into account a very pessimistic set of funding assumptions.

9.3 The financial position of the two Colleges have certain complementary features:

- Barnet College's debt as a proportion

of its income is higher compared to Southgate College reflecting significant investment Barnet College has made in its buildings and infrastructure, including a new campus site at its Wood Street campus; however

- Barnet College's accumulated reserves are significant and greater than the levels available to Southgate College.

9.4 Both Colleges are financially sound and a significant benefit of the merger would be to establish a stronger financial base and create a greater degree of resilience. The merger would also improve value for money and reduce operating costs, through:

- merging back office services, exploiting economies of scale;
- reducing / sharing system applications;

- restructuring and reducing of management level posts;
- sharing of some fixed assets / technology teaching resources in the academic areas;
- rationalising some of the learner offer across different sites of the merged College – in areas not affecting learner access and within a commitment not to reduce specialisms.

9.5 The Colleges have produced projections of finances for future years for a merged College, set out in the table below. The Colleges have estimated that once transition costs have been taken into account the merger would produce net savings within two years. Where possible these savings will be re-invested into frontline teaching and learning provision.

Merged College financial projections	2010/11 Combined prediction £000	2011/12 Plan £000	2012/13 Plan £000
Funding Body Income	45,776	42,071	39,862
Other Income	4,760	4,937	5,161
Total Income	50,536	47,008	45,023
Pay Expenditure	30,407	27,907	26,156
Non-Pay Expenditure	14,449	13,539	12,951
Depreciation	3,605	3,555	3,515
Interest Payable	1,374	1,367	1,361
Total Expenditure	49,835	46,368	43,983
Operating Surplus / (deficit)	701	640	1,040
Funded student numbers assumption (Standard Learner Numbers)	11,080	10,560	10,660

10. Impact on Buildings and Facilities



10.1 Barnet College has two main sites in the East and West of the Borough of Barnet. The site in the West of the Borough is at Grahame Park Way, Hendon comprising some 16,186 m². Public transport to the site is limited. The site in the East of the Borough is a new build in Wood Street, Chipping Barnet which was completed in summer 2010. The site

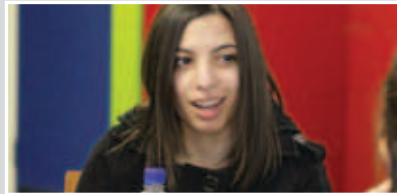
comprises some 11,500 m² and is easily accessible by public transport and thereby providing outstanding location and accommodation. There are additional sites at Stanhope Road and Graseby House and leased accommodation at the Hyde Institute in Chipping Barnet and the Arts Depot in Finchley.

10.2 Southgate College's main site is located on the High Street, Southgate and enjoys an outstanding location, just two minutes from the Southgate Underground Tube Station (Piccadilly Line) and the Bus Station servicing routes across Enfield. The Southgate College main site comprises two sites split by the High Street. The third campus is based in Edmonton Green Shopping Centre and provides a key community learning hub delivering ESOL courses within the locality.

10.3 It is an agreed basis of the merger between both Corporations that maintaining key learning opportunities in both Barnet and Enfield Boroughs remain a central element of the vision. However, within the existing wide array of locations used by the two Colleges, both College Corporations are of the view that there is scope to re-invest and divest in different locations in order to better meet learner needs. For this reason, the Colleges have agreed a remit for a joint, independent review of estates to establish how a better alignment can be achieved between the needs of learners and the locations and quality of the estate that the new, merged College should offer. The merger will bring opportunities to re-assess and rationalise the accommodation portfolio.

11. Equality and Diversity

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- 11.1 In its last Ofsted inspection, Barnet College received a grade 2, 'good' rating. The inspection found that the promotion of equality and diversity within the College was good. A Single Equality Scheme and associated plan met the College's duties with regard to race, gender, age and disability legislation. The College leads the North London learning difficulties and/or disabilities learning and employment partnership.
- 11.2 In its last Ofsted inspection, Southgate College received a grade 3, 'satisfactory' rating. It found that equality impact assessments were thorough and that student achievements were analysed thoroughly by gender, race, age and disability. The inspection report noted that recent initiatives have addressed the gender imbalance in student participation and staffing in certain subject areas, with some success.
- 11.3 An initial equality impact assessment of the proposed merger has been conducted by the Colleges. Overall, that assessment indicates a significantly positive outcome across equality indicators compared to the situation where a merger does not take place. For example, the Colleges anticipate there would be more learning opportunities and enhanced learner progression routes, particularly for those who are currently under-represented at higher skill levels.
- 11.4 The impact assessment does anticipate some risks to equality posed by the merger. Both Colleges believe these risks can be avoided or mitigated. Mitigating actions have been developed and set out in the equality impact assessment, to be implemented if required.
- 11.5 Both Colleges are also committed to ensuring the Single Equality Scheme for a merged College would continue to examine the representation of learners and staff from each of the equality strands and take action to continue progress towards representation that reflects the local community. The merged College will seek to combine the most successful approaches within each College to meet equality challenges, for example the shared challenge to boost the representation of male learners.

12. Governance and Management



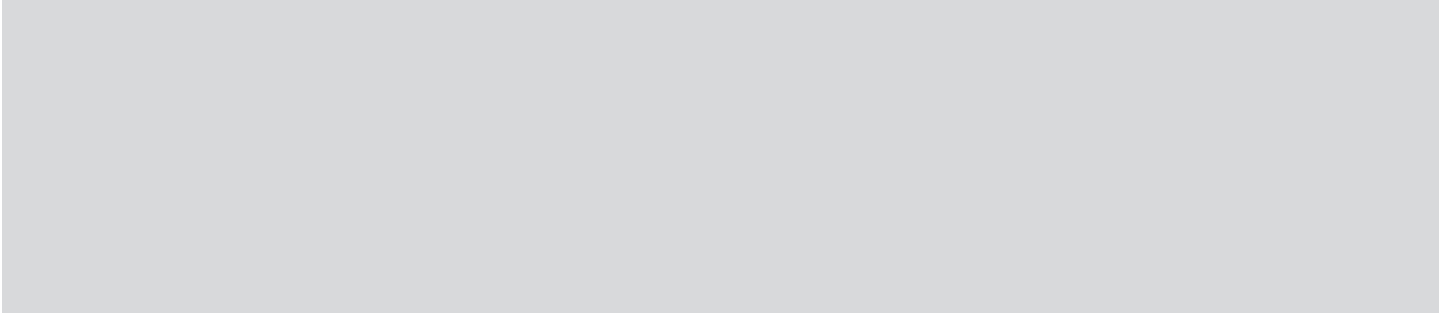
Governance

- 12.1 During 2010, both Colleges set up their own sub-committees to consider collaboration options and support the main Corporations towards a strategy. In October 2010, both Corporations reached conclusions and agreed to formally initiate the approval process for a merger. Since then a joint group, comprising Governors from each College Corporation has been established to take forward the detailed planning, scrutiny and management of the merger approval and implementation process.
- 12.2 The Corporations have already agreed to some key principles which will guide the operation of a new, merged College. In particular, the new Corporation within a short period of time or by increasing its overall size would be composed of equal shares of Governors from each of the current Governing Boards. The aim would be to retain diverse expertise and to demonstrate that the interests of both organisations and their local areas are preserved in the new organisation.
- 12.3 Both Corporations are considering further the option of creating an advisory board, post-merger, to support the Corporation and help retain expertise and experience from former Governors who do not remain on the merged Corporation Governing Body.
- 12.4 The proposed merger of Barnet College and Southgate College would be achieved by what is termed a type 'B' merger under the relevant legislation. In this case, that would mean the dissolution of Southgate

College. The property, rights and liabilities of Southgate College will transfer to Barnet College.

Management

- 12.5 Both Corporations are of the view that certainty over leadership needs to be settled early in the process to help establish the new, merged organisation. This will ensure that responsibility and leadership for delivery on creation of the merger is clear and in place. A process to agree the Principal for the new merged College is near agreement between the two Corporations. Work has also begun on proposals for the senior leadership team structure for the new, merged College. It is expected that, following consultation, the structure would be announced in Spring 2011.



13. Name of the Merged College



13.1 Both College Corporations have agreed that a dual approach needs to be taken to the name of the merged college depending on the context and purpose to which it is being referred. The new College would:

- Maintain existing Barnet College and Southgate College branding where the provision is associated with the specific location of a campus or building. This makes it instantly recognisable to potential learners where a course is being run and preserves existing affinity and recognition that learners and communities have with the two Colleges currently;
- Adopt a new business name for the merged College, signalling the changes and benefits that are to be achieved.

13.2 The Corporations envisage that the signage outside certain college sites would refer to both the new college name and, for example, 'Southgate Campus' or 'Barnet Campus'.

13.3 The proposed name for the merged College is "Barnet and Southgate College".

14. Risk Management Assessment

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14.1 Risk management is seen within both Colleges as an integral part of all activities undertaken by them. No merger is without risk and the Colleges are taking a planned approach to risk management. An initial assessment of risks has taken place and a risk management plan has been developed. Both Governing Corporations have been part of the process of identifying risks. During the merger process both will remain central to the monitoring process as well as ensuring mitigations are in place, should risks materialise.

14.2 The decision to merge is not fully in the power of the College Corporations. It is also subject to public consultation and approval by the Secretary of State at the Department for Business Innovation and Skills. The Colleges have therefore considered contingency plans were the merger not to proceed. The risks of not proceeding include:

- Each College alone will not obtain increased quality, progression or responsiveness to learner needs achievable with a merger;
- Savings from shared services and management level posts will be less, requiring greater funding reductions to teaching resources;
- The expected funding reductions will lead each College below critical financial thresholds to support teaching effectively, viability put at risk followed by both Colleges being forced into a merger;

- Reduced breadth of learner offer, potentially threatening economic and social objectives of the Borough Councils;
- The College's ability to respond to the needs of local stakeholders and deploy its resources in an innovative and effective manner will be severely hampered and continually threatened by year on year pressures.

14.3 Both Colleges have considered their contingency plans should a merger not be completed, in order to mitigate the above risks. The Colleges would aim to maximise the benefits associated with sharing of back office services with other FE providers. However, both Colleges have already evaluated that these benefits, on their own, are not enough and are likely not to be established soon enough. The other main option open to the Colleges should merger not be agreed would be to continue to make internal reforms and reductions to their cost base during the next Spending Review period. However, this does not fully mitigate the risks set out above.

14.4 Despite the risks of not proceeding with merger, the Colleges do not underestimate the risks that need to be managed throughout the merger process. An initial risk assessment has been developed and will be refined. The risks are grouped under the following headings:

- Merger approval process risks;
- Financial risks;
- Staff risks;

- Management-related risks and other operational-based risks.

14.5 Mitigations for these risks have been developed and the risks will be monitored throughout the process.

Annex A - Statutory Notice for Dissolution / Establishment

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Statutory Notice Further and Higher education Act 1992

As Chief Executive of Skills Funding, I hereby give notice in accordance with the provisions of section 51 of the Further and Higher education Act 1992 (the Act) as amended by the Apprenticeships, Skills, Children and Learning Act 2009, of the draft proposal that the Secretary of State under section 27 of that Act should by order provide for the dissolution of the further education corporation of **Southgate College** and the transfer of the property, rights and liabilities of that corporation.

Dissolution of the corporation is proposed, at the request of the corporation of **Southgate College** in order that the college may merge with **Barnet College**. It is proposed that the property, rights and liabilities of the corporation to be transferred to the corporation of **Barnet College**.

The date proposed for the dissolution is **1st August 2011**.

Provision will be made for all students at **Southgate College** who have not yet completed their courses of study by the date of the proposed dissolution to complete their studies at **Barnet and Southgate College**.

A copy of the draft proposal is available free of charge from me and will be sent to any person who requests it.

In accordance with the provisions of section 51 of the Act, representations may be made to me by **2 March 2011**. Representations can be made at <http://skillsfundingagency.bis.gov.uk/providers/allthelatest/consultations/> or in writing to providerreorganisations@skillsfundingagency.bis.gov.uk or to:

**Geoff Russell, Chief Executive of Skills
Funding**

**Cheylesmore House, Quinton Road,
Coventry CV1 2WT**

Date: 19 January 2011

Annex B – How to Respond to the Consultation

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Comments on the proposal are invited through a consultation being managed by the Skills Funding Agency as part of its statutory role in college mergers. The Agency will analyse the responses received, publish a consultation report and ask the Colleges to take the responses into account when writing our final merger proposal.

All the consultation information and links are available at the Skills Funding Agency website at: <http://skillsfundingagency.bis.gov.uk/providers/allthelatest/consultations/>

Or, if you prefer, responses can be made in writing to:

Geoff Russell
Chief Executive of Skills Funding
Skills Funding Agency,
Cheylesmore House
Quinton Road, Cheylesmore
Coventry CV1 2WT

Or by email to

Providerreorganisations@
skillsfundingagency.bis.gov.uk

The consultation starts on 20 January 2010 and the deadline for responding is 2 March 2011.

The consultation report will be published at:

<http://skillsfundingagency.bis.gov.uk/providers/allthelatest/consultations>

within two weeks of the end of the consultation period.

If you have any problems responding to the consultation, please use the contact details above or telephone **02476 825 791** to let the Agency know.

For more information, please contact:

Tracey McIntosh at Barnet College
tracey.mcIntosh@barnet.ac.uk

Lizzie Jones at Southgate College
Lizzie.jones@southgate.ac.uk

