HE and FE Mergers

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Summary

- Why?
- Pros
- Cons
- History
- Case Study
- Opportunities

Possible reasons for an HE–FE merger

- Proximity
- Convergence of mission
- Rationalisation of provision
- Enhancement of delivery
- Sharing of services
- Financial imperatives

Pros

- Financial savings
- Enhanced experience for students
- Seamless progression opportunities
- Staff development

Cons

- Mission drift
- Mission stretch
- Management overstretch
- Loss of brand identity and value
- Difficulties of management and governance
- Loss of staff identity with key markets
- Staff remuneration and conditions of service
- “One size fits all “ admin problems

A brief history of TVU in Reading

- 2004 acquisition of Reading College by TVU
- 2004 failed Ofsted. Successful recovery plan achieved by the university.
- 2005 Successful Ofsted inspection
- 2005 organisational review leads to embedding Reading operation within main TVU structures
- Problems of distance
- 2009 TVU review recognises that a locally based management will produce better results
- 2009 TVU Governors agree to an in principle decision to divest from Reading FE, recognising that for reasons of operational distance, managerial overstretch, divergence of mission and lack of proven synergies, a divestment toenable a better service of Further Education to the communities of Reading

Finance – Historical Position

- In 2005, following the merger TVU took steps to integrate Reading-based further education within the overall University faculty structure to encourage FE student progression to HE.
- During the next three years, further education staff gained from the benefit of higher university sector pay awards (circa 16% over three years) and adoption of the university-wide HERA pay harmonisation framework. This led to an inflation of the further education staff cost base.
- Income did not grow during this period and the institution was unable to capitalise on new Employer led funding initiatives such as Train 2 Gain.
- To improve management accountability separate FE and HE budgets were established for 2009/10.

TVU London
Thames Valley University

Financial mistakes

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Organisational mistakes

- Decision to operate and integrated admin, management and academic operation
- Lack of clear FE focus
- Lack of local accountablity
- Problems of distance
- Lack of clear identity for FE
- Senior management mainly HE focussed
- Reading staff

Failure to deliver enhanced academic opportunity

- Progression from level 3 to HE unrealistic
- Main focus on HE did not capitalise on opportunities for FE growth or capital investment
- Little interaction between HE staff and FE staff
- Diffuse management of FE led to drop in achievement and success rates
- Plans for a single quality assurance framework was never achieved
- Development of a wider HE-FE regional partnership was not achieved
- OFSTED FAILURE

Commentary 2009/10

- 2009/10 - First full year of disaggregation of budgetary responsibility.
- Some support services such as Finance and HR based upon shared services.
- Income based upon confirmed LSC grant and conservative 3rd stream income assumptions.
- In setting the 09-10 budget for Reading FE, local managers used a Pro Resource planning tool to bring income and costs into line on a curriculum area by curriculum area basis.
- Using financial modelling from partnering colleges and from the Tribal FE benchmarking system, central service budgets have been allocated to reflect costs more typical of an FE college.

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Unpicking a merger

- Return to local accountability
- Separation of FE and HE budgets
- Decision to divest
- Acting Principal appointed
- Local OFSTED recovery plan – leading to successful re-inspection
- Identification of successful FEI to support post-divestment operation
- Separation of admin functions
- Divestment negotiations; TUPE; separation of services, estate; transfer of contracts…

2008 Ofsted

- In November 2008 Ofsted carried out an inspection of the further education provision at TVU and judged that overall effectiveness was inadequate. The main strengths and areas for development recorded in the report were:

Key strengths

- Very productive employer, community and school links
- Wide range of provision, offering choice and progression
- Highly inclusive environment

Areas for improvement

- Low success rates on many courses
- Too much mediocre teaching that fails to motivate and engage learners
- Slow pace of improvement, exacerbated by complex line management arrangements

Better ways…

- Few HE mergers have occurred
- Financial or academic driver?
- Many have dawn back at a late stage
- Full mergers rarely make sense
- Opportunities for close collaboration abound and are probably a better way forwards

Lower risk possibilities

- HE-FE partnerships can deliver academic synergy whilst retaining independence
- Collaborative outreach post-Aim Higher
- Shared Services e.g Combined Universities in Cornwall
- Library and ICT partnerships
- Shared specialist services
- Estates, HR management; purchasing consortia
- ? The " Eversheds" subsidiaries model??