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## Board Meeting

Date of Meeting	Monday 06 October 2014
Paper Title	Curriculum and Estates Review - Initial Transition Plan
Agenda Item	4
Paper Number	BM3-B Appendix 3
Responsible Officer	Principals Lead – James Gow, Vice Principal, Glasgow Kelvin College
Status	Disclosable
Action	For Decision

# **Glasgow Colleges Strategic Partnership**

## **Sustainable Institutions Group**

### **Curriculum & Estates Proposals – Transitional Process**

#### **1. Introduction**

The purpose of this report is to provide an outline of the key transitional issues, highlighting the financial and human resources implications associated with the Curriculum and Estates proposals. It seeks to provide a high level indication of what the curriculum change might mean for each of the three colleges in Glasgow over the 4 year planning period and outline some further implications which require more detailed analysis and consideration as the three Glasgow colleges seek to secure financial sustainability in the medium term.

#### **2. Student Activity & Core Grant**

The proposals have significant financial and student activity implications for all three Glasgow colleges. Two of the colleges (Glasgow Clyde and Glasgow Kelvin) face a material net reduction in their funded activity and associated grant and fee income. City of Glasgow College will receive additional funded student activity but will also have to deliver a substantial level of additional activity without SFC funding (delivering the regional efficiency savings).

It is recognised that the proposals include the transfer of activity between the colleges. The following table provides indicative activity and core grant income figures showing the expected net impact of the changes being proposed.

Key assumptions underpinning these figures include:

- The annual SFC administered ESF project will continue throughout the planning period at approximately the current level;
- The unit price per WSUMs is at the 2014/15 rate and has not been adjusted to reflect expected inflation or potential funding changes;
- The impact of the new funding methodology has not yet been modelled; and
- The SFC will fund the delivery of the proposed additional activity in Glasgow (5,000 WSUMs).

Glasgow Regional Colleges Curriculum Proposal						
	Clyde	Kelvin	CoG	TOTAL	CoG EFF	Commentary
2014/15	166,441	123,367	173,726	463,534		Baseline activity level including ESF project
2015/16	162,500	117,000	184,000	463,500	-34	CoG riverside campus opens, Glasgow Kelvin City campus closed Efficiency gain of 2,000 WSUMs
2016/17	157,500	111,000	202,000	470,500	7,000	CoG city campus opens, GKC City campus closed Efficiency gain of 2000 by CoG 3,000 additional funded WSUMs from SFC.
2017/18	156,500	109,500	209,000	475,000	4,500	2,000 additional funded WSUMs from SFC. Efficiency gain of 2,000 by GoG.
2018/19	156,500	109,500	210,000	476,000	1,000	Efficiency gain of 1000 by CoG
2019/20	156,500	109,500	210,000	476,000	0	Steady state
<b>WSUMs Change</b>	<b>-9,941</b>	<b>-13,867</b>	<b>36,274</b>	<b>12,466</b>	<b>12,466</b>	
<b>WSUMs Change</b>	<b>-6.0%</b>	<b>-11.2%</b>	<b>20.9%</b>	<b>2.70%</b>		
<b>2014/15</b>						
<b>SFC Grant</b>	<b>£29,080,907</b>	<b>£21,171,344</b>	<b>£27,967,974</b>	<b>£78,220,224</b>	<b>Including ESF Project</b>	
<b>SFC Grant / WSUM</b>	<b>£174.72</b>	<b>£171.64</b>	<b>£160.99</b>	<b>£168.75</b>		
<b>2019/20</b>						
<b>SFC Grant</b>	<b>£27,343,995</b>	<b>£18,791,590</b>	<b>£32,084,639</b>	<b>£78,220,224</b>		
Additional SFC Grant			£843,738	£843,738		ADDITIONAL FUNDED 5000 WSUMS
<b>Total</b>	<b>£27,343,995</b>	<b>£18,791,590</b>	<b>£32,928,377</b>	<b>£79,063,962</b>		
<b>SFC Grant / WSUM</b>	<b>£174.72</b>	<b>£171.61</b>	<b>£156.80</b>	<b>£166.10</b>		
<b>SFC Grant Reduction</b>	<b>-£1,736,912</b>	<b>-£2,379,753</b>	<b>£4,960,403,</b>	<b>£843,738</b>		

## **Glasgow Clyde College**

The impact for Glasgow Clyde College over the period is a projected reduction in activity totalling 9,941 WSUMs which will result in a reduction in core grant of circa £1.7m over the planning period.

## **Glasgow Kelvin College**

Glasgow Kelvin College will lose 13,867 WSUMs and faces an expected reduction in core grant totalling £2.4m over the planning period.

## **City of Glasgow**

City of Glasgow will gain 23,808 funded WSUMs from the other Glasgow Colleges and 5,000 WSUMs of additional funded places to the Glasgow Region. This will result in an additional £5m in core grant income. Additionally the College will be required to deliver a further 7,466 WSUMs for no additional core SFC grant income. This activity is valued at approximately £1.3m in core grant income. The College has committed to the following annual Unitary Charge as part of the NPD contract, the contract states that the annual Unitary Charge is subject to indexed based on RPI.

<b>City of Glasgow College Unitary Charge</b>						
	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Unitary Charge (current prices)	£0	£211,000	£634,000	£1,701,000	£1,890,000	£1,890,000
Unitary Charge (indexed for inflation)	£0	£216,275	£668,870	£1,837,080	£2,138,000	£2,192,000

\*Based on Treasury Guidance

It is expected that both colleges facing a reduction in activity and funding will need to transfer and/or reduce staffing numbers to enable those institutions to remain financially sustainable.

The colleges losing activity and funding will also lose the fee income associated with that activity and potentially other income sources if commercial / non-SFC funded activities are linked to transferring activity. City of Glasgow College would be expected to achieve a net gain in this respect.

## **Student Support Funds**

Student Support Fund allocations will required to be reallocated to reflect the changing delivery of activity between colleges over the planning period. More detailed work on this transfer will be undertaken once further detail on the activity transfer is agreed.

### **Revised Funding Methodology**

The revised funding methodology will change the way student activity is measured and funded in the future. The potential implications at a college level have not yet been modelled and the detail of the new methodology is still to be fully communicated to the sector. There is the potential that the revised methodology could materially impact upon colleges over the planning timeframe.

### **3. Estates**

There is work on-going in respect of reviewing the Glasgow Colleges' estate. The condition of the overall estate of the three Glasgow Colleges by campus based on current estate of Glasgow Clyde College and Glasgow Kelvin College and the new build estate of City of Glasgow College is as follows:-

College	Campus	Size m2	Condition (A=as new, B= sound, C= Operable)
Glasgow Clyde College	Anniesland	16,579	A
	Cardonald	26,474	A-6,613m2 / B-19,861m2
	Langside	16,834	A-14,191 / B-2,643
Glasgow Kelvin College	City	11,764	C
	West	1,922	B
	Springburn	18,715	A
	East End	6,459	A
	Easterhouse	4,771	A
City of Glasgow College	Riverside (from summer 2015)	14,281	A
	City (from summer 2016)	53,191	A
Total Estate		170,990	A-134,800 B-24,426 C-11,764
Split :			

Glasgow Clyde		59,887	A-37,383/ B-22,504
Glasgow Kelvin		43,631	A-29,945/ B-1,922/ C-11,764
City of Glasgow		67,472	A-67,472

The figures provided above are for the anticipated City of Glasgow College estate following completion of the new build which was designed to house the delivery of 210,000 WSUMs. This is the proposed activity level which would be allocated to City of Glasgow College at the end of the Curriculum Review planning period (2018/19).

With respect to other anticipated estates changes Glasgow Kelvin College anticipates the closure of its City Campus which, as shown above, has been classed as the poorest of college accommodation which is currently in operation. The proposed reduction in activity at Glasgow Kelvin College within the Curriculum Review is expected to facilitate the closure, however there will be costs associated with this which will require to be resourced. There is also likely to be a material accounting impairment required if a decision to close this property is made.

It is assumed that through the curriculum review there will be no substantial additional estate added and that curriculum portfolio changes will be achieved through the repurposing of the existing estate where, for example, workshops may be changed to general purpose classrooms or classrooms may need to be refurbished to become laboratories. There would be some estates costs to deliver these internal refurbishments to ensure the accommodation at each building aligns with, and supports, the curriculum offer.

The estimated cost to refurbish or remodel areas is difficult to estimate until further information is available on the magnitude of the change involved at each campus. It is assumed that, as part of the transition process, the Funding Council would provide support for the cost of any required refurbishments.

Data has been collated by the Estates Sub Group on rooms within the Glasgow Colleges' estate based on the current estate at Glasgow Clyde College and Glasgow Kelvin College and the new estate for the City of Glasgow College. The detail of the rooms by room type can be further analysed as the Curriculum Review progresses and greater detail of the planned curriculum changes by room type is available.

## **Capital Receipts**

City of Glasgow and Glasgow Kelvin College both propose to vacate and sell campus buildings. Discussion is required with SFC as currently City of Glasgow College building disposal proceeds are due to be returned to SFC as part of the new campus funding agreement. No such discussions have yet taken place between Glasgow Kelvin College and the Funding Council. Building disposal capital receipts could provide a source of some additional finance that could be reallocated to the Glasgow Region to assist with the costs of restructuring the curriculum across Glasgow. This is a matter which Glasgow Colleges' Regional Board may wish to discuss with the Funding Council in due course.

## **4. Human Resource Management**

The transfer of activity between the three Glasgow colleges will inevitably result in the profile of the workforce at each of the colleges changing over the period. This process is highly likely to involve TUPE transfer across colleges. Additionally, there are efficiency savings which need to be delivered across the region which may also impact on the staffing profile.

TUPE refers to the "Transfer of Undertakings (Protection of Employment) Regulations which protects employees' rights when the organisation or service they work for transfers to a new employer.

### **4.1 Transfer of Curriculum**

The Curriculum Review will identify what activity will transfer from one college to another. Establishing and confirming the transfer group of staff and resources will be an important part of the consultation process both with Trade Union Representatives and the three colleges. At that stage each college will be in a position to identify the impact within each institution and determine what measures, if any, require to be put in place.

This transfer is likely to include a change in working location for a number of staff and therefore each college should review current contracts for a mobility clause. If one exists, that would assist with facilitating the change. If not, an analysis of impact on individual circumstances will require to be carried out. If all changes of location are within Glasgow there could be an argument to say the change is not material and it is reasonable to enforce the change of location based on the rationale outlined in the curriculum review. A voluntary severance scheme may be of assistance to help this process, especially for any staff resistant to a move in location.

Once the activity transfers have been agreed the staff and resources associated with the activity transfer can be identified. Teaching resources attached to the activity should be fairly straightforward to determine. However it should be noted that a proportion of staff providing central services, including support and management, may also require to be assigned to the receiving college on transfer, this will be required to enable those colleges losing activity to remain sustainable.

#### **4.2 TUPE Consultation**

As each college is a separate employer, consultation would need to take place at a local level. However, joint consultation (involving two or more colleges) may also be appropriate with regards any ‘measures’ and general communication in respect of the strategic rationale for the changes. Under TUPE, meaningful consultation should take place at the earliest opportunity. With this duty to consult and inform, a consistent approach by the three colleges is strongly recommended.

There are different responsibilities for consultation with regards TUPE depending on if a college is an incoming or outgoing employer. Whilst recognising that each college needs to consult individually, working collaboratively will ensure more effective people management strategies, such an approach will mean:

- Less disruption to learner experience and service delivery;
- Retention of key skills and experience;
- Further development and enhancement of staff;
- Exit strategies are appropriate; and
- Good employment relations will be maintained.

If the Regional Board made a decision in early October 2014 about activity allocations and, following consultation with staff, a final decision was agreed in December 2014 about which provision will transfer to each college for session 2015/16, it would be sensible to commence the TUPE consultation process with staff in January 2015. The TUPE consultation would initially cover details of the provision allocation and identifying which staff would transfer to which college as a result. As the consultation continues it would also be expected to cover voluntary severance and the impact of the transfer on staff. It should be noted that transfers are planned to take place each year for a number of years therefore this process is likely to continue for the bulk of the planning period.

### **4.3 People Management Strategies**

Working collaboratively will ensure a consistent and fair approach across the three colleges, this will assist the Colleges in the Glasgow Region to foster good employment relations and retain and develop its staff to deliver a high quality learner experience. A number of strategies can be implemented to ensure a smooth transition to support the Regional structure with three independent colleges working in partnership to deliver the Regional Outcome Agreement for Glasgow.

These strategies are expected to include:

#### **Voluntary Severance**

The Funding Council would be required to support financially a voluntary severance scheme which could be adopted across the three colleges. This voluntary severance scheme would enable the three colleges to make the changes to their staffing profile to delivering the new curriculum across Glasgow and achieve the proposed efficiency saving.

It is acknowledged that each college has its own legal obligations to consult however it is recommended that the three colleges agree the content of a voluntary severance scheme. Rather than limit the scheme to particular schools or areas in each college it may be beneficial to open a college wide voluntary severance scheme to facilitate the transition. This may assist in delivering the efficiencies required and minimise any need for compulsory redundancies if employees at risk of redundancy can be re-deployed elsewhere in the college or region. It would of course be made clear when the voluntary severance scheme is opened that all applications are subject to the business needs of the employing college so each college had the ability over whether or not to accept an application. It should be noted that voluntary severance count towards dismissals for the purposes of collective consultation therefore if any of the colleges are likely to accept 20 or more applications for voluntary severance it may be necessary to carry out a redundancy consultation, this can be included in the TUPE consultation.

#### **Retention**

It is possible that all staff due to transfer from colleges reducing activity will not be required by the College increasing activity or that staff may not wish to transfer. It is crucial that strategies are put in place to manage these possibilities. Further consideration and firm proposals require to be developed, however strategies could include initiatives for:

- Re-training;
- Recruitment Freeze;
- Creation of new posts;
- Centralised recruitment amongst the three colleges during this period to ensure that vacancies are open to staff within the Region in the first instance;
- Working with other employers within Glasgow to identify potential opportunities;
- Re-deployment prior to the transfer;
- Voluntary Severance; and
- Employment guarantee.

## **Communication**

As part of the Project Implementation Plan, a joint communication strategy should be developed and delivered by the three colleges. This should incorporate clear timelines, specific messages, and appropriate channels for communication using a variety of media.

The appointment of ‘Communication Champions’ during the consultation process at each College may assist with communicating a consistent message and helping to minimise any anxiety amongst staff.

## **Other Considerations**

There will be consequences for all three of the colleges through the transition period. Individual colleges may have to undertake wider internal restructuring exercises as activity levels reduce or grow, efficiency savings need to be delivered and estates are used for different purposes.

As Colleges receive staff from other institutions there will be new harmonisation of terms and conditions required experience from recent mergers has shown that this is unlikely to be a straightforward process and some funding for exceptional harmonisation costs may also be required.

## **Restructuring Costs**

There will be costs associated with the implementation of the proposals. These will be largely be incurred over the first three years of the plan and include:

- Potential severance costs as a significant net efficiency gain is required across the region;
- Potential additional staff costs linked to TUPE transfer of staff between the Colleges;
- Facility time for staff representatives;
- Estates related costs; and
- Professional fees associated with legal advice for estates, HR and other contractual arrangements.

In very high level terms it would be expected that Clyde and Kelvin would need to reduce teaching staffing by circa 64 FTEs (at approximately 375 WSUMs per lecturer) and City of Glasgow College would need to increase teaching staffing by circa 95 FTE over the period. The position in respect of support staff is more complex, however, as it is proposed that two institutions lose activity and teaching staff there will need to be some consequential reduction in support and management staff at those institutions.

It is anticipated that the Funding Council would be asked to fund a voluntary severance scheme of up to a maximum of 12 months pay per person. Based on these high level figures and the level of efficiency savings required it is estimated that the cost of a voluntary severance scheme would be in the region of £3.5m to £4m with expenditure being incurred over a three year period. The actual cost would be dependent upon the level of appropriate demand from existing employees and the detail of which teaching activity and associated support and management staff who would be transferring. If there is an agreed voluntary severance scheme, it could be implemented before transfer date and Settlement Agreements signed prior to then.

An indicative estimate of the Estates and Voluntary Severance costs associated with these proposals are outlined below. This approximation of the level of funding the three colleges would seek from the Scottish Funding Council to support the transition:

Voluntary Severance	£3,500k
Estates reconfiguration	£1,000k
Professional Fees & Other Costs	£300k
<b>Total</b>	<b>£4,800k</b>

As stated previously, it is likely that funding of this order would be largely spread across three academic sessions, 2015/16, 2016/17 and 2017/18 depending upon the scheduling of the

proposed transfers. The expenditure would be incurred at an individual college level as appropriate within the terms of the Glasgow Regional Estates and Curriculum Review.