
Report to: Cabinet **Date of Meeting:** 16 February 2017

Subject: South Sefton College – Proposed Merger with Hugh Baird College

Report of: Head of Schools & Families **Wards Affected:** Ford and neighbouring wards where pupils reside

Is this a Key Decision? Yes **Is it included in the Forward Plan?** Yes

Exempt/Confidential? No

Purpose/Summary

The purpose is to provide background information relating to South Sefton College and to seek approval for the commencement of the statutory consultation process to merge the school with Hugh Baird College.

Recommendation(s)

Cabinet is recommended to:

- note the contents of this report;
- approve the commencement of the statutory consultation process relating to the proposal to merge South Sefton College with Hugh Baird College;
- delegate responsibility to officers to start negotiations with Hugh Baird as to the level of transitional financial support required in August 2017 to support this new venture in the first year of operation;
- receive a further report about the outcome of negotiations with Hugh Baird as to the level of transitional financial support required; and a report on the outcome of the consultation ending on the 5th April 2017.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	X		
2	Jobs and Prosperity	X		
3	Environmental Sustainability		X	
4	Health and Well-Being		X	
5	Children and Young People	X		
6	Creating Safe Communities		X	

7	Creating Inclusive Communities	X		
8	Improving the Quality of Council Services and Strengthening Local Democracy	X		

Reasons for the Recommendation:

The Local Authority has the statutory power to discontinue a maintained school following the statutory process detailed in the report and this process needs to be followed to enable the merger to take place.

What will it cost and how will it be financed?

(A) Revenue Costs

South Sefton College is constituted as a school and therefore the responsibility of the Council in terms of its finances. The College has had financial problems virtually since it was established in 2009 and the Council have worked very hard to address these over the intervening years. However, falling student numbers and increasing costs (largely pension, NI and pay increases) have meant that the College is no longer viable as a standalone college. Financial projections indicate that the College will have a deficit of -£300K by the end of March 2017, increasing to circa -£1m by the end of March 2018.

Hugh Baird are developing a financial plan and are likely to ask the local authority to financially support the transition whilst they build-up student numbers. The Council will have the liability for the cost of closure (deficit and redundancies) and it is assumed Members would prefer to use this level of funding to keep the provision open through a merger with Hugh Baird rather than closing it permanently. Details are not known yet but it is assumed that costs can be contained within the schools closing balances contingency.

(B) Capital Costs

N/A

Implications:

The following implications of the proposals have been considered and where there are specific implications, these are set out below:

Legal: The consultation on the proposal to merge the two colleges by discontinuing the South Sefton will be carried out in accordance with the requirements of the School Organisation (Establishment and Discontinuance of Schools) Regulation 2013.	
Human Resources: As part of the consultation process there will be meetings held with staff in the school.	
Equality	
1. No Equality Implication	<input type="checkbox"/>
2. Equality Implications identified and mitigated	<input checked="" type="checkbox"/>

3. Equality Implication identified and risk remains

Impact on Service Delivery:

N/A

What consultations have taken place on the proposals and when?

The Head of Corporate Finance and ICT (FD 4475) and Head of Corporate Legal Services (LD 3758) have been consulted and any comments have been incorporated into the report.

Are there any other options available for consideration?

There are no alternative viable options.

Implementation Date for the Decision

Immediately following the expiry of the "call-in" period for the Minutes of the Cabinet meeting.

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Background Papers:

None

1. **Background**

- 1.1 Government have initiated a series of Area based reviews of post 16 education and training institutions. Sefton is included in the review of the Liverpool City Region and the expectation is that area reviews come up with a series of recommendations for creating stronger, more sustainable institutions and an offer that meets the area's educational and economic needs.
- 1.2 The proposal for Sefton is that the four FE institutions; Hugh Baird, KGV, Southport College and South Sefton College merge to form a single Sefton College that would be stronger, more sustainable and provide an offer that meets the educational needs of young people in Sefton and the economic needs of the area. This is in keeping with the Sefton 2030 vision.
- 1.3 The colleges have proposed merging in two tranches: KGV and Southport College merging and Hugh Baird and South Sefton Colleges merging by September 2017, with these north/south colleges then merging to form the Sefton College in September 2018. Consultation on the merger of KGV and Southport College has already started.
- 1.4 The merger of Hugh Baird and South Sefton presents a particular challenge because one is set up as a general FE College and the other as a school and current legislation does not provide a straightforward mechanism for a merger of this type. The LCR Area Review Team, Hugh Baird and Sefton Council have all been asking civil servants how this can be achieved since May and despite positive noises they have not been able to offer suitable advice. New guidance on the implementation of Area Reviews was published in October and does not provide a way of merging differently constituted colleges except as described below.
- 1.5 Legally the only way of merging the institutions is for South Sefton to be discontinued (following the statutory school closure process which the local authority have to determine) and then for Hugh Baird to expand its post 16 provision by providing an A-level offer from the site.
- 1.6 The Governing Body have written to the Council requesting the local authority begin the consultation on the proposed merger as described in the report.

2. **Proposed Merger**

- 2.1 South Sefton College opened in 2009 but was set up as a maintained 16 to 19 school and later became a foundation trust school; the Council are, therefore, the decision maker in respect of discontinuance (closure) in accordance with the School Organisation (Establishment and Discontinuance of Schools)(England) Regulations 2013. The process which needs to be followed and timescales are set out below:

Stage 1	Consultation 27th February 2017 to 5th April 2017	This is the start of the process when the Local Authority provides information about what is being proposed and gathers the views of
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		interested parties to help them develop the proposals. This period usually lasts for a minimum of six weeks.
Stage 2	Publication 19th April 2017	A legal notice is published in the local paper (usually the Champion) and on the Council website which sets out brief details of the proposal for discontinuance to support the merger and where more information can be found. It also gives details of where objections and comments can be sent and the closing date for these. It marks the start of the representation period or formal consultation.
Stage 3	Representation 19th April 2017 to 17th May 2017	This is a four week period from the date the notice is published to allow interested parties the final opportunity to send comments or objections to be taken into consideration by the decision maker. It is classed as the formal part of the consultation process.
Stage 4	Decision Cabinet to make final decision – 22nd June 2017	All the comments and objections gathered during the representation period are provided to the decision maker to enable them to make the final decision to close or not.

- 2.2 The consultation proposal is to discontinue South Sefton College from August 2017 and then for Hugh Baird to then take over the South Sefton site and expand their provision to provide A-levels from September 2017. A draft of the consultation information on the proposal is attached for information.
- 2.3 The land and buildings associated with South Sefton College are currently owned by the Trust, however, upon discontinuance these will revert to the Council. In order for Hugh Baird to provide A-levels from the South Sefton site the Council, subject to any necessary consents being given by the Secretary of State under Section 123(2) of the Local Government Act 1972 and paragraph 4 of Schedule 1 to the Academies Act 2010, will need to agree to lease them to Hugh Baird.
- 2.4 All parties are committed to the merger as part of the Area Review, however, whilst the 'merger' is the preferred option, given the financial position of South Sefton College set out in the report which shows that the College is not viable as a standalone setting if the merger does not take place it is recommended that the discontinuance is still progressed.
- 2.5 Under section 16(3) of the Education and Inspections Act 2006 a proposer of a school discontinuance must have regard to any guidance issued by the Secretary of State. The Secretary of State considers that those bodies listed below should be consulted in the case of the proposed discontinuance of schools:

- LA (as appropriate);
- parents of pupils;
- where the LA is a county council the local district or parish council where the school that is the subject to the proposal is situated;
- in the case of a special school – any LA which maintains a statement of special educational needs in respect of a registered pupil at the school.
- the Governing Body (as appropriate);
- pupils at the school;
- the trustees of the school (if any);
- teachers and other staff at the school;
- any LA likely to be affected by the proposal, in particular neighbouring authorities
- where there may be significant cross-border movement of pupils;
- the governing bodies, teachers and other staff of any other school that may be affected;
- parents of any pupils at other schools who may be affected by the proposal including where appropriate families of pupils at feeder primary schools;
- any trade unions who represent staff at the school; and representatives of any trade union of staff at other schools who may be affected by the proposal;

3. Financial Implications

- 3.1 South Sefton College is constituted as a school and, therefore, the responsibility of the Council in terms of its finances. The College has had financial problems virtually since it was established in 2009 and the College and the Council have worked very hard to address these over the intervening years. However, falling student numbers, reductions in funding levels and increasing costs (largely pension, NI and pay increases) have meant that the College is no longer viable as a standalone college. The College was original built to support approximately 640 students but currently only has 378 students.
- 3.2 The current financial projection indicates that the College will have exhausted all of its revenue balances and will have a deficit of -£300,000 by 31st March 2017. The financial projection for 2017/18 shows that the College will be operating with a running deficit of approximately -£65,300 per month and the projected outturn position for 2017/18 is expected to be a deficit of approximately -£1.1m. This is based on the current operating commitments required to support the existing student offer and the amount of funding the College receives from the Education Funding Agency (EFA).
- 3.3 As stated earlier the College has taken significant measures over the last few years to reduce costs to help offset losses in funding. At this moment in time there is little scope for the College to reduce running costs any further other than reducing the number of subjects and qualifications it offers to students, which would impact further on its ability to bring in new students in future years.
- 3.4 If the Council decided to close the College, as it is no longer viable, then any closure costs and outstanding financial liabilities would transfer to the Council. If a August 2017 closure was proposed then the projected deficit position would be in excess of -£625,000 along with any closure costs: including severance costs,

contractual liabilities and any transitional support that may be required to ensure existing students could complete their qualifications in other schools or Colleges within Sefton. If the Council decided to keep the College open until August 2018 then the financial liabilities would be significantly higher.

- 3.5 As part of the merger proposal Hugh Baird are developing a financial plan and are likely to ask the local authority to financially support the transition whilst they build-up student numbers. The Council will have the liability for the cost of closure (deficit and redundancies) and it is assumed Members would prefer to use this level of funding to keep the provision open through a merger with Hugh Baird rather than closing it permanently. Exact details are not known yet as to what financial support Hugh Baird will request although the Council will be liable for the College deficit at the point of conversion (-£560k for 31st July 2017 conversion). Any transitional support for Hugh Baird would increase this cost but it is assumed that costs would not be greater than the cost of closure and should be contained within the schools closing balances contingency.
- 3.6 Hugh Baird has indicated that they will have completed their due diligence during the consultation process. The recommendations also seek approval for officers to enter into negotiations with Hugh Baird as to the level of transitional financial support required in August 2017 to support this new venture in the first year of operation. Information on this will be available for consideration by Cabinet before they determine the proposal.

A Vision for the future

Outstanding Further Education in South Sefton through the merger of Hugh Baird College and South Sefton College

The Governing Bodies of Hugh Baird College and South Sefton College are proposing to merge and form an exciting new partnership.

By working together we can provide a broad range of high quality post 16 education provision for South Sefton and surrounding areas.

We would like your views.

INTRODUCTION

This document sets out the background to the proposed merger of Hugh Baird College and South Sefton College. It describes the rationale for the merger and the benefits and opportunities for learners, employers, and the wider community.

The decision of the two Colleges to propose a merger is based on a strategy to offer the very best post 16 education for the South Sefton area.

Both Hugh Baird College and South Sefton College have a distinctive offer. The proposed merger keeps the two existing campuses and builds on the strengths of the two institutions to ensure the best quality provision.

The merger will ensure a broad curriculum offer for school-leavers with high quality 'A' level and vocational provision for South Sefton. The merger will ensure that all school leavers in South Sefton and the surrounding area can be guaranteed a place in a specialist centre on a course that is right for them and their career ambitions.

We see this as a very positive move which will create a stronger, financially resilient modern College and allow for the development and investment in both existing sites.

The Colleges are committed to offering outstanding post 16 education and have been working together to realise that vision.

BACKGROUND

The rationale behind the national programme of Government Area Reviews is to:

- Improve the nation's productivity.
- Expand the Apprenticeship programme.
- Provide clear, high quality professional and technical routes to employment, alongside robust academic routes, which allow individuals to progress to high level skills valued by employers.

- Be more responsive to local employer needs and economic priorities, for instance through local commissioning of adult provision, which will help give the sector the agility to meet changing skills requirements in the years ahead.

These objectives can only be delivered by strong institutions, which have the high status and specialism required to deliver credible routes to employment, either directly or via further study.

Mergers are now being widely encouraged within the Further Education sector, therefore, the proposal contained in this document is entirely consistent with the Government's agenda. This proposal has been produced following a significant amount of proactive work undertaken by each College prior to the Government's official area review. Two years ago an independent report was commissioned by the Colleges to identify how they could further co-operate to best serve the local area. This report informed the Liverpool City Region Area Review.

Uniting Hugh Baird College and South Sefton College through a merger is the best way to secure the Colleges' distinctive offers. It will also create a secure and sustainable financial base for the vital continued investment in the modern facilities and accommodation that staff, students and employers expect.

THE PROPOSAL

We believe the time is right for the two colleges to merge to provide a strong local, post 16 education offer.

There has been a decline in the numbers of 16-18 students studying at the two colleges, due to a continuing demographic decline and the increase in numbers of advanced level students leaving the area to study elsewhere. The merged college intends to reverse this trend and grow the numbers of 16-18 students through providing a high quality well-resourced local sixth form offer, enabling students to stay closer to home and achieve their potential and ambition.

Because South Sefton College is constituted as a 'school' rather than an FE College the statutory process to be followed to make the merger happen is to 'discontinue' South Sefton College as a school.

If the merger did not happen then South Sefton College is not viable as a standalone institution and, since it could not be subsidised by the Local Authority, would be closed.

Following the merger, South Sefton College will continue to operate as a provider of Advanced level programmes, with the opportunity to expand this provision.

The Colleges Involved:

Hugh Baird College

Hugh Baird College is a general further education (GFE) college situated in Bootle in the south of the borough of Sefton.

The College is one of the largest providers of education and training in the area, delivering more than 400 courses to close to 5,000 students. Hugh Baird College offers courses that include entry level to level 3 vocational qualifications, apprenticeships, foundation degrees and full honours degrees. The College is also one of a small number in the UK to have a 14-16 College which enables those students with clear career goals to leave school and start working towards these on a full time basis from the age of 14.

In recent years, the College has worked closely with the Liverpool City Region Local Enterprise Partnership (LEP) and employers in order to develop a demand led curriculum offer that ensures students have the best opportunity to progress into employment or further study.

In its most recent Ofsted inspection (February 2015), the College was graded overall as 'Good'.

South Sefton College

South Sefton College was established in 2009 in partnership with Sefton Local Authority and seven local secondary schools following a strategic area review by Ofsted in order to secure more opportunities for high quality academic level 3 provision in the area.

South Sefton College is a fully subscribed centre of educational excellence offering a wide range of advanced level courses with a broad variety of enrichment opportunities.

The College offers a strong and supportive pastoral ethos and the highest quality additional learning support to ensure all of our students fulfil their potential irrespective of ability or circumstances.

In its most recent Ofsted inspection (November 2016), the College was graded overall as 'Requires Improvement'.

The Benefits a merger will bring

We will offer an attractive and competitive post 16 offer for South Sefton and the surrounding area.

We will develop and invest in both existing College sites as distinctive centres of excellence.

We will offer students clear progression opportunities.

We want to be recognised locally as the first choice for higher level academic, vocational and professional courses.

We want employers to see our College as the natural partner for growth and success through the supply of highly skilled people.

We want to achieve an Ofsted Outstanding rating across all our provision.

We want our community to be proud of its College.

The Rationale

The merged college would be better able to:

1. Offer an extensive range of professional, vocational and A-level courses across the two campuses.
2. Allow for the development and investment in first class facilities and centres of excellence in both existing College sites.
3. Build on the strengths and the distinctive ethos of the two institutions with Hugh Baird College leading in professional, technical and vocational courses and South Sefton College specialising in A level subjects.
4. Work closely with employers to develop the employability of students, grow apprenticeships and better meet their recruitment and training needs.
5. Increase the numbers of 16-18 students across both colleges by strengthening the advanced level offer.
6. Continue to expand locally delivered higher education and degree opportunities through the development of the University Centre.
7. Support the continued quality improvements towards achieving an outstanding Ofsted Inspection.
8. Create a financially stable and sustainable college.

We see this as a crucial first step towards arriving at a cohesive Sefton wide structure for further and higher education.

Frequently asked questions

How will the merger effect current students?

All current students will be able to complete their course of study. The merger is designed to grow provision across both sites.

Would students be expected to travel between the two main campuses?

No, it is intended students would be based at one of the campuses for their main programme of study.

There may be some opportunities for students to join together to participate in events, sporting or other enrichment activities.

What will happen to the College sites after the merger?

The new College will maintain and develop the two existing College campuses. The combined College will continue to invest in improving the facilities and accommodation across both campuses.

What would the new college be called?

There is no plan to introduce a new college name. We believe the Hugh Baird College and South Sefton College names represent their distinctive provision and this will be retained.

When is the merger expected to take place?

It is planned that the merger will be completed before the end of the current academic year and the new College will therefore be in place by August 2017.

How can I express my views?

You can complete the questionnaire overleaf and return it to us.

STATUTORY PROCESS

In order to facilitate the merger proposal the local authority (as the decision maker under the relevant legislation) has to follow the statutory process set out below:

Stage 1	Consultation 27th February 2017 to 5th April 2017	This is the start of the process when the Local Authority (decision maker) provides information about what is being proposed and gathers the views of interested parties to help them develop the proposals. This period usually lasts for a minimum of six weeks.
Stage 2	Publication 19th April 2017	A legal notice is published in the local paper (usually the Champion) and on the Council website which sets out brief details of the proposal for discontinuance to support the merger and where more information can be found. It also gives details of where objections and comments can be sent and the closing date for these. It marks the start of the representation period or

		formal consultation.
Stage 3	Representation 19th April 2017 to 17th May 2017	This is a four week period from the date the notice is published to allow interested parties the final opportunity to send comments or objections to be taken into consideration by the decision maker. It is classed as the formal part of the consultation process.
Stage 4	Decision Cabinet to make final decision – 22nd June 2017	All the comments and objections gathered during the representation period are provided to the decision maker to enable them to make the final decision to close or not.

CONSULTATION - The formal consultation will be held between 27th February and 5th April 2017.


Please tell us what you think about the proposal.

Please complete using the online survey at www.surveymonkey.co.uk/r/ or you can return the form with your comments to Mr Frank McCann, Principal, South Sefton Sixth Form College, Sterrix Lane, Litherland, Liverpool, L30 2DB or Mrs Anne-Marie Nixon, Director of Governance at Hugh Baird

College, Balliol Road, Bootle, Merseyside, L20 7EW, or to the School Organisation Team, Schools Regulatory Services, Town Hall, Oriel Road, Bootle, L20 7AE.

Thank you for taking the time to read this and respond.

Appendix 1

Hugh Baird and South Sefton Merger Proposal Consultation	 HB-SEFT MERGER 8PP A4.pdf
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