FOR A MERGER BETWEEN THE GRIMSBY INSTITUTE AND YORKSHIRE COAST COLLEGE

April 22nd to June 4th 2009
Proposal for the Merger of

Yorkshire Coast College
and
Grimsby Institute of Further and Higher Education

CONSULTATION DOCUMENT

April 2009
## Contents

1. Introduction 3
2. Executive Summary 4
3. Context 9
4. North Yorkshire and Humberside/North Lincolnshire: demographics and socio economic information 11
5. Background of the Institutions 13
6. The Merger Proposal 16
7. Rationale, Objectives and Justification of the Merger Proposal 18
8. Learners and Curriculum Provision 20
9. Quality 22
10. Governance and Management 29
11. Human Resources 30
12. Estates and Assets 31
13. Implications for Other Providers 32
14. Financial Information 35
15. Marketing 39
16. Consultation and the Merger Process 40
1 Introduction

This consultation document sets out the background and rationale for a proposal from Yorkshire Coast College (YCC) and Grimsby Institute of Further and Higher Education (GIFHE) that they should merge to form a single institution.

Under the current statutory framework the final decision on the proposal would be taken by the Secretary of State for Innovation Universities and Skills.

The Learning and Skills Council for Yorkshire and the Humber will consider the results of this consultation, due diligence studies and the full merger proposal from the colleges. It will then decide whether to forward a merger proposal to the Secretary of State for Innovation Universities and Skills for his determination.

There is a statutory requirement that proposals are subject to a consultation period of at least one month. A summary list of organisations being consulted is shown in Appendix A, and the Proposal and the Statutory Notice are shown in Appendix B.

Your comments on the merger proposal and any information contained in this document are welcomed. It will be helpful if they are made on the pro forma attached in Appendix F.

Responses should be posted to:

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The final date for receipt of comments is 12 noon, Thursday 4th June 2009

Different formats of this document can be made available upon request.
2 Executive Summary

2.1 Introduction

The Learning and Skills Council Yorkshire and the Humber (LSC) have agreed that the Initial Outline Proposal for the merger of YCC and GIFHE should be subject to formal consultation.

A letter dated 13th January 2009 to YCC from the Under Secretary of State for Further Education, informed the Interim Principal of YCC that the merger proposal could move to consultation.

The two college corporations have formed a Joint Working Party (JWP) to oversee the merger process.

2.2 Local Context

Curriculum

YCC is the main provider of vocational further education for a large part of North Yorkshire. Together with Scarborough Sixth Form College it provides the full time post 16 education in the Borough.

YCC has had a history of poor inspection results, but at its most recent inspection in March 2009, there is evidence of significant improvement, with leadership and management, capacity to improve and quality of provision graded as satisfactory. However, there is only one curriculum area graded as good and no outstanding provision.

GIFHE is a large GFE situated in Grimsby. It has the full range of vocational provision, including a large portfolio of work with employers. Its most recent inspection was in November 2007 when it received grade 2’s (good) for the curriculum areas inspected and for leadership and management, capacity to improve, and quality of provision.

2.2.1 Curriculum implications of merger

The main curriculum rationale for the merger of the two colleges is the additional positive effect which it will have for learners and communities in the Borough of Scarborough and surrounding area, in terms of increased learner opportunities, shared expertise, joint planning, a more effective deployment of resources combined with greater curriculum cohesion, a wider range of provision and improved opportunities for learner progression.

As part of the development of 14-19 provision, it is anticipated that the merged college would provide an opportunity to create a more coherent, consistent, high quality, well resourced 14-19 curriculum for the Borough of Scarborough and the surrounding areas, which no other form of collaboration could offer. The merger would bring strength and focus to the post 19 offer and enhance employer engagement across the FE curriculum. GIFHE also proposes a strong partnership with the University of Hull which will increase...
opportunities for progression to HE. The newly merged institution would enhance learning programmes, develop new ones to meet the needs of learners, the community and employers and improve provision for students with learning difficulties and/or disabilities.

The impact of the merger on the curriculum opportunities available to learners in the area served by Grimsby College will be positive. It is expected that the increased size of the organisation will enhance opportunities for career development for staff in North Yorkshire and North East Lincolnshire. This will keep high calibre staff who otherwise may have been tempted to move away, and offer wider opportunities for advancement to others, than is presently available.

The two Corporations believe that in curriculum terms, the proposed new college will be significantly more than the sum of its parts, and the detail of this will be developed in the Full Merger Proposal

**Finance**

On the basis of analysis carried out in the Initial Outline Proposal stage, the prospective merger of the two colleges would create an institution with a total income approximately one quarter greater than the current total income of the GIFHE and correspondingly, the YCC element would represent approximately one fifth of the business volume of the merged college.

**Estates**

YCC is a small institution based predominantly on one main site with a subsidiary annexe. The main site is dominated by its 1960s buildings which, despite having been innovative in their design at the time, are now in need of substantial refurbishment or replacement. The learning environment is poor and does not provide the appropriate environment for learners today. The maintenance regime has been dictated by the consideration that new buildings were imminent. As a result much of the fabric is clearly failing.

GIFHE is a large organisation that has continued to invest in its accommodation. It has built new buildings as appropriate and maintained its estate adequately. It has shown innovation in the use of its estate and has sensibly acquired buildings as and when required for a variety of reasons. Some of the College's estate is dated and fundamentally at the end of its life. Some of the estate is both functionally suitable and has life left in it.

GIFHE has plans to develop its own campus in Grimsby which reached Application in Principle (AiP), but which has now been put on hold as a result of the well publicised difficulties with the LSC capital allocation process. GIFHE is currently evaluating its options, so that it can proceed not only with the plans in Grimsby, but also drive forward the very necessary capital development required in Scarborough. The merged college will provide increased opportunities for capital investment which would not be possible if YCC continued alone. Further details will be provided in the Full Merger Proposal.
Implications for other providers

In section 13 there is confirmation of the open and transparent process undertaken by the Governors of YCC since the initial decision to look at strategic options other than status quo. Travel to learn considerations are explained in this section given the local geography of the area these observations are predictable. Relationships with neighbouring colleges are also described with all adjacent colleges have been involved and the threat of perception of negative impact is as close to nil as can be possible at this stage.

LSC Criteria

The Full Merger Proposal will contain detailed consideration and challenge against the seven criteria published in Models for Success (see Appendix E). These criteria were considered in the Initial Outline Proposal to raise Governor and Executive awareness and to provide a steer.

2.3 Rationale for the Merger

In May 2008, YCC Governors concluded that the College was no longer able to meet the needs of the area it served as a stand-alone institution which was a “going concern”. This followed a long history of financial, quality and delivery failures. The decision to merge was reached from consideration of their Business Recovery Plan and outcomes of an independent Strategic Options Review.

The College is located in Scarborough. It is the 17th smallest FE college in England with around 1700fte learners. It serves a geographically isolated area where some wards have a high level of socio-economic need. The geography extends travel to learn times and can make it difficult to generate viable class sizes. Demographic trends will put further pressure on the college’s ability to maintain a broad curriculum offer and to return to financial health. The combination of all these factors have combined to mean that the Governing Body and the LSC have concluded that it is unable to continue as a free standing institution.

GIFHE was unanimously selected by the Governing Body as the merger partner of choice after a transparent and open competitive selection procedure. The YCC Corporation will be dissolved and its assets will transfer to the GIFHE.

The name of Yorkshire Coast College will continue to exist through a federal structure which will retain its name and ensure its local identity. Its governance and management and financial structures will be strengthened by merger with GIFHE so that it raises quality and extends the range of provision to better meets the needs of Scarborough, the coastal areas from Whitby to Bridlington and the surrounding area of Ryedale. The new College will not compete with existing institutions, but will work in partnership with them.
2.4 Vision and objectives for the Merger

The governors of both colleges have established a Joint Working Group to steer the merger. A meeting of both colleges on 19th March 2009 has set out the Action Plan to be followed in order to deliver this vision. To date, the colleges have agreed the following key statements in the section which follows.

1. It is envisaged that the merger will provide an opportunity to share good practice both ways. In order to instigate this, the colleges promise to:
   - Find areas for development and implement support
   - Implement joint staff development activities
   - Review curriculum pathways and identify opportunities for development
   - Develop a culture where learners are expected to achieve
   - Embed self-assessment and continuous improvement.

2. Grimsby Institute intends to make its vision statement a reality for Yorkshire Coast College, its learners and communities. Quite rightly the statement will apply to the new college as a whole.

"To be a world class, customer focused and dynamic provider of learning and skills"

The aim of the merger is to make YCC, the first choice general further education college for the area it serves. It will retain and enhance its local identity, whilst acquiring the strengths and flexibilities of a successful and established further education college, so that a "first choice, first class" curriculum is made available to all learners in the area.

2.4.1 Objectives

By 2014, a merged YCC will have achieved:
   - Excellent facilities, including a significant new build
   - Financial growth and diversity of income
   - Strong brand and reputation, positioned at the heart of the community
   - Recognition for quality
   - An international perspective
   - An impact beyond Scarborough and the sub region
• A reputation as a leader for vocational skills training
3 Context

The National Education and Training Context

Learning and Skills Council National, Regional and Local Priorities

The LSC’s major tasks are to:

- raise participation and achievement by young people
- increase adult demand for learning
- raise skills levels for national competitiveness
- improve the quality of education and training delivery
- equalise opportunities through better access to learning
- improve the effectiveness and efficiency of the sector

The LSC’s priorities for 2009 – 2010 fall into three areas:

1. Meeting the needs of young people
2. Improving adult skills
3. Reforming the FE system

For **young people** the LSC will seek to ensure that there is an appropriate place in learning for every young person and that provision is flexible and responsive. The LSC shall increase the number of Apprenticeships and will improve provision for learners with learning difficulties or disabilities. The LSC will continue to increase the numbers of young people achieving Level 2 and Level 3 qualifications by the age of 19 and will work to narrow the gap in attainment between those in high-income and low-income households. The LSC will work with providers and partners through the allocations and commissioning processes, and by using other indicators and systems to ensure that the quality and quantity of appropriate provision is delivered.

In York and North Yorkshire the LSC will address concentrations of NEET in specific locations and groups and will work with providers, partners and employers to increase Apprenticeship take up. The curriculum offer will continue to be developed especially to secure breadth of provision in rural areas. The LSC shall support providers who are successful and have proved they can contribute significantly to achievement of priorities.

For **adults** the LSC will focus on employers and individuals to encourage them to invest in skills and training through increased flexibility and funding for Train to Gain and greater availability and take up of Apprenticeships. The LSC will work with partners, particularly Jobcentre Plus, on the integration of employment and skills to help individuals enter employment and employers recruit to fill skills gaps. Improvement of literacy and numeracy skills will continue to be of increasing importance.

In York and North Yorkshire, the LSC will work more flexibly and closely with partners to respond to the needs of the economy, using Train to Gain, the
ESF/RDA programme enhancing Train to Gain, FE and additional Apprenticeship provision. There will be continued work with public sector organisations on skills development programmes and more collaborative work in localities and with the Third Sector. Skills for Life and full Level 2 and 3 provision will continue to be priorities.

The LSC will continue to direct adult learner funding towards long term skills targets i.e. full Level 2, full Level 3 and Skills for Life. Whilst doing this, it is recognised that in the current economic climate it is essential there is flexibility in the way resources are allocated so that providers can respond quickly and effectively to help businesses and individuals through the downturn. Flexibilities in adult employer responsive funding have been implemented and European Social Funded programmes are also available to support integrated employment and skills.

It is important that there is focus on the programmes of learning and qualifications that will deliver most benefit to individuals and the economy. In making adult learner allocations greater flexibility for provision below level 2 will be introduced. Colleges and providers will still be expected to deliver Skills for Life priorities but will have flexibility across all their pre-level 2 budgets in delivering these priorities and responding to local circumstances.

Reform of the FE system will involve support of specialisation, targeting of capital investment and delivering the Framework for Excellence. The new Qualifications and Credit Framework will reform the vocational qualification system. To reduce bureaucracy and improve efficiency systems and processes will be simplified and self-regulation supported. Equality and diversity will continue to be supported and promoted.

While working towards all of the above priorities and actions the LSC will be working closely with local authorities to ensure that the transfer of control of 16–19 funding is efficient and effective. The LSC will also ensure the successful establishment of the National Apprenticeship Service and implementation of its work as well as preparing a smooth handover of work to the Skills Funding Agency and other successor bodies.
The demographics between the immediate hinterlands of Scarborough and Grimsby demonstrate a number of similarities. Each is the economic centre with significant travel-to-work labour migration into the towns. Thus, as well as their urban setting, there is considerable inward migration from rural hinterlands. With the coastal location, the populations are also subject to a degree of seasonality through tourism.

The region's population is spread unevenly throughout the four sub-regions. The smallest sub-region in terms of population is North Yorkshire which contains 15% of the regional population, despite accounting for 50% of the landmass. The Humber is the next smallest at 18% of the population and a quarter of the region's landmass.

Within Yorkshire and the Humber, the population mix is comparable with that of England as a whole in terms of the gender of the working age population. The percentage of working age people with a disability, however, is slightly higher than the 18.3 average for England. As a region, Yorkshire and the Humber has the third highest rate of disability amongst the working age population in the country-19% have long-term illness compared to 14.2% nationally.¹

The specific catchment area of YCC is largely rural extending into Ryedale and the North York Moors National Park. Scarborough is a non-metropolitan authority and a Borough of North Yorkshire. The larger population centres are Scarborough (pop. 50,105) and Whitby (pop. 13,594). Filey is within the catchment with a much smaller population centre of 6,468. Scarborough Borough's population overall is 106,243. During the peak season, tourism can double the population. Ryedale forms an important catchment area in the hinterland of Scarborough.

The percentage of young people attaining level 2 at 19 is markedly lower than comparable districts in York and North Yorkshire, and the proportion of young people not in Education, Employment or Training (NEET) in the area is consistently higher than the rest of north Yorkshire.

Grimsby is a sea port on the Humber Estuary in Lincolnshire; it is the administrative centre of North East Lincolnshire with a population of around 87,589. It is physically linked to Cleethorpes (pop. 34,907) with another large centre of population at Scartho (pop.c.11,000). The area is ethnically diverse.

Grimsby and Cleethorpes have school performance that is below national performance levels, a significant proportion of the population residing in wards

amongst the 20% most deprived in the UK, and economies that are dominated by SME’s. The number of NEETS is high.

The Local Economy

Scarborough’s enterprise strategy has focused on diversifying the economy, weaning it off its dependence on the declining tourism and fishing industries. Existing businesses have capitalised on the physical regeneration of the harbour side. Every £1 invested by the public sector has attracted £10 of private sector investment in the town. Scarborough’s image has radically changed.

Grimsby’s economy is still linked to the sea fishing industry, but in recent years, the frozen food industry has become a large part of Grimsby’s economy. Alongside this has grown a number of new industries such as light engineering, chemicals and plastics. Some of the largest employers in the area are the pharmaceutical giant Novartis, Tioxides Europe, (chemical industry) and food producer, Youngs. The partnership of Grimsby and Immingham provided the largest port in UK in 2006 of 57 million tonnes.

It is expected that both areas will have a mixed response to the current economic situation.
5 Background of the Institutions

5.1 Introduction

Yorkshire Coast College

Numbers of Learners

LSC funded numbers by age are shown in the table below:

Table 1: FE learner numbers (LSC funded) at YCC in 2006/07 and 2007/08

<table>
<thead>
<tr>
<th>Age Band</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 – 19*</td>
<td>1,019</td>
<td>1,039</td>
</tr>
<tr>
<td>19+</td>
<td>2,055</td>
<td>1,877</td>
</tr>
<tr>
<td>Total</td>
<td>3,074</td>
<td>2,916</td>
</tr>
</tbody>
</table>

*There were no learners aged under 16 in 2006/07 and one in 2007/08
Source: College Individualised Learner Record (ILR) 2006/07 and 2007/08

The reduction in adult numbers in 2007/08 in both colleges should be considered in the context of the response to the LSC’s priority on full Level 2 and Level 3 provision.

YCC operates across two main campuses and a subsidiary facility across Scarborough. The college’s mission is ‘Inspire Success’ and its priorities focused on ensuring continued improvements in standards, providing a first class service to employers, being a force in the regeneration of the local area, and playing an active role in local partnerships and transforming lives through learning.

The College delivers programmes which range from pre-Entry level to Degree level, and offers programmes in most vocational areas. The majority of the full-time learners are aged 16 to 18 and almost all of the part-time learners are adults.

In May 2007, it lost its contract for Work-Based Learning (WBL) in Sector Subject Area 7 as a result of a Notice to Improve applied to its 2005/06 outcomes.

YCC, together with Scarborough Sixth Form College and the Whitby Community College, provides the full time post 16 education in the Borough. YCC recruits the majority of 16-18 year old learners from six 11 to 16 schools in the area. Four of these are in Scarborough with two others located in Eastfield and Filey. YCC also recruits from the surrounding areas of Whitby and the rural hinterland across to Malton, Pickering and south of Filey.
YCC offers provision for approximately 350 young people aged 14 to 16 from local schools (not funded by the LSC) which has consistently been identified as good provision by OfSTED. It is currently working with the local consortium of schools and colleges in the development of Diplomas in the region, and is leading on the Engineering strand. This Sector Skills Area received a Grade 2 in the recent inspection (March 2009). YCC anticipates playing a significant role in the technical delivery elements in a number of Diploma Standards.

**Grimsby Institute of Further and Higher Education**

**Numbers of Learners**

LSC funded numbers are shown in the table below:

**Table 2: FE learner numbers (LSC funded) at Grimsby Institute in 2006/07 and 2007/08**

<table>
<thead>
<tr>
<th>Age band</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 – 19*</td>
<td>3,498</td>
<td>3,545</td>
</tr>
<tr>
<td>19 +</td>
<td>7,517</td>
<td>7,059</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,015</strong></td>
<td><strong>10,604</strong></td>
</tr>
</tbody>
</table>

* Grimsby had 26 learners aged under 16 in 2006/07 and nine in 2007/08

Source: College ILR 2006/07 and 2007/08

The reduction in adult numbers in 2007/08 in both colleges should be considered in the context of the response to the LSC’s priority on full Level 2 and Level 3 provision.

GIFHE is the main provider of post sixteen education in Grimsby and the wider area. The Institute has a larger urban population to draw from and more diverse transport routes than YCC, although as demonstrated in Section 3, there are key synergies between the two college catchment areas.

GIFHE offers a wide variety of courses at all levels from entry to degree, community provision, business training and commercial activities. It has provision in all 15 sector subject areas.

The College’s mission is “to be a world class, customer focused and dynamic provider of education and skills”. It is a significant provider of learning and skills provision, and has experienced considerable growth over the last four years. Approximately 40% of the Institute’s income is not Learning and Skills Council (LSC) generated.

GIFHE makes a key contribution to local 14-16 provision, providing training for approximately 350 school pupils and is a key partner in the development of the specialist Diplomas in the area.
It has strong Higher Education partnerships, especially with the University of Hull which has a campus in Scarborough, and which is a strong supporter of the merger proposal.

Both colleges make provision for learners wishing to follow HE. YCC courses include BA (Hons) in Costume, Fine Art, Business, Digital Media. It also offers a Foundation Degree in Business and Management with the University of Hull. GIFHE has a University Centre with over 100 HE courses available.
6  The Merger Proposal

Origins of the Proposal and Background Work to Date

The YCC Corporation met in January 2008 and decided to undertake a Strategic Options Review (SOR) alongside developing their Business Recovery Plan to inform their decisions as to the future viability of the college. The SOR was an independent and transparent exercise which included key stakeholder consultation. The appraisal was asked to include an evaluation of the educational breadth of each identified option in terms of participation, achievement, curriculum breadth, learner choice and affordability and to draw a conclusion upon which to move forward. It reported its findings in April 2008.

The report concluded that there were two options worth pursuing.

- Merging with Scarborough Sixth Form College (SSFC) to form a tertiary institution for the Borough of Scarborough
- Merger with a nearby college, in a federal style, which would ensure the retention of the local identity.

In May 2008, YCC Governors concluded that the College was no longer able to meet the needs of the area it served as a stand-alone institution which was a “going concern”. The Board accepted the recommendation that merger offered the best option for the area, and it was agreed to seek a merger partner. The LSC endorsed this decision.

The search for a merger partner

The College advertised its intention to seek a merger partner in the local and national press. Expressions of interest were invited from a wide range of partners, including those from outside the further education sector. SSFC declined the offer to express interest in merger. Six colleges responded. Two subsequently withdrew, one was not shortlisted and three were invited to present to the YCC Governing Body. One college then withdrew before presentation.

Following an open and transparent process, Grimsby Institute of Further and Higher Education was unanimously selected as the preferred partner.

The LSC provided preliminary information to DIUS on the proposed merger as is now required by the guidance in “Models for Success”\(^2\). A letter dated 13\(^{th}\) January 2008 to the College from Siôn Simon, Under Secretary of State for FE, informed the Interim Principal that the merger proposal could move towards consultation.

\(^2\) Further Education Colleges – Models for Success. DIUS 04.08.08.
A steering group of members from both Corporations (including both Principals) was formed in February 2009 and will oversee the proposed merger through regular meetings.

**How merger will be achieved**

The proposed merger of YCC and Grimsby Institute is a model B merger, where the corporation of YCC is dissolved and its property, rights and liabilities are transferred to Grimsby Institute.

It is proposed that the name and local identity of YCC will be preserved and its’ ability to meet the needs of local learners, communities and employers strengthened through new governance and management arrangements. Changes will be made to the governance and management arrangements to take into account the proposed new federal structure and to reflect the distance between the two sites.

An indicative merger timetable is shown in Appendix D. Although the proposed merger date is 1st January 2010, the intention of both corporations is that business planning and harmonisation is already well advanced by that date. It is believed that this forward planning will provide the most seamless service for the learners of YCC, and ensure that GIFHE learners are not disadvantaged by a loss of focus on their needs.
Rationale, Objectives and Justification of the Merger Proposal

Vision and Rationale

The governors of both colleges believe that the proposed merger of YCC and GIFHE provides a “once in a generation” opportunity to develop the “big picture” for learning across Scarborough Borough and its environs. It will bring together the depth of local knowledge and the established links of YCC with the strengths of an experienced FE College regarded as one of the most successful in the country in terms of impacting its local community, increasing FE and HE participation and delivering to meet the needs of employers.

This energising development will lead to a step change in both the quality of learning and skills provided to the communities, and an expansion in the range and type of opportunity offered.

This commitment to better meeting the needs of the locality will mean that YCC will retain its name through GIFHE’s plans for a federal merger structure, whilst its reputation will be revitalised and enhanced by the leadership, and financial stability the merger will provide.

Scarborough Sixth Form College has indicated its willingness to participate collaboratively with the new college. The University of Hull is already committed to, and based in, Scarborough. It is solidly behind the merger with a long term interest in the YCC succeeding in its mission. Once the merger has taken place, the University of Hull will have an active role with the new college in developing and extending progression routes.

The post 19 curriculum will be enhanced to offer a wider curriculum choice. This will range from a focus on employability skills for the unemployed, to progression to HE. We will underpin all vocational courses with realistic working environments. There will be enhanced employer engagement meeting the needs of all employers, including the many SME’s, through a combination of targeted networking and 1-1 marketing.

Benefits of the Re-organisation

A local identity

The emphasis on distinct localities will better meet the individual learning and skills needs of the local communities, whilst the clear governance, management and financial focus and strength of the model, will provide a firm foundation to deliver the urgently needed enhancements to further education provision in Scarborough and its environs whilst not diverting GIFHE from its strong focus on its localities.
A Partnership Approach

A partnership approach will be key to delivering the vision. The new management will play an active part in local strategic groups. GIFHE already has established workforce development activities in Scarborough and Whitby, and hence fully understands the local market place. The Scarborough voice will be clearly heard and will be listened to so that local expertise and experience is central to the strategic development and the delivery of provision.

The establishment of a partnership to address the skills needs of local people and local industry at all levels will be a priority. GIFHE plan work closely together with them, Scarborough Borough Council and the Regional Development Agency and other providers in addressing the economic regeneration agenda for the region.

The strengthened YCC will be a strong partner to its feeder schools, engaging actively with all local learners pre-16 to extend the range of choice and progression routes available to them.

Strong systems

The vision for the governance and management arrangements for the merged college will reflect the centrality of local branding to ensure a strong and consistent local presence to support local initiatives.

GIFHE is experienced in running a successful organisation with delegated budgets and targets across a large number of devolved centres. The approach to the governance and management of the provision at YCC will draw upon the proven strengths of governance and management at the Institute.

Resources

The merger will enhance the ability of YCC to manage capital resources and expand the resource base more efficiently and effectively to meet the needs of learners. It will lead to improved infrastructure and learning/training facilities in Scarborough.

Quality assurance systems

A key focus will be to improve the success rates for all learners across the merged institution. All staff will become part of the merged College quality team. Although, GIFHE has a stronger track record than YCC in delivering quality provision, there are areas of good practice in YCC which will be built upon. This means that the successful aspects of the YCC quality systems will be incorporated into those of GIFHE. The aim will be to deliver provision of equally high standards in Grimsby and YCC catchment areas, a wide geographical area which will clearly benefit from such a positively driven merger which is committed to performance improvement.
8 Learners and Curriculum Provision

YCC: Learners aged under 19 yrs old

In 2006/07 the college had 1019 further education learners aged under 19 (LSC funded), in 2007/08 this had remained almost static - there were 1039 learners under 19 years old.

Analysis by sector subject area in 2007/08 revealed that there were further education enrolments in 11 of the 15 sector subject areas for learners aged under 19 years old. The top sector subject areas were:

- Preparation for Life and Work
- Retail and Commercial Enterprise
- Leisure, Travel and Tourism
- Arts, Media and Publishing

The highest number of further education enrolments for learners aged under 19 years old in 2007/08 were at Level 2 (38% of enrolments), followed by level 1 (28% of enrolments) and level 3 (11% of enrolments).

YCC - Adult Learners

In 2006/07, there were 2,055 further education adult learners (LSC funded), and in 2007/08 this had declined to 1,877 adult learners.

Adult enrolments in 2007/08 were within 12 sector subject areas. The sector subject areas with the highest number of enrolments were:

- Preparation for Life and Work
- Health, Public Services and Care
- Retail and Commercial Enterprise
- Engineering and Manufacturing Technologies

Analysis of adult enrolments by level in 2007/08 revealed that 44% were at level 2 followed by 20% at level 1 and 19% at level 3.

GIFHE: Learners aged under 19 years old

In 2006/07 the college had 3498 further education learners aged under 19 (LSC funded), and it 2007/08 this had grown to 3545 learners under 19.

Analysis by sector subject area in 2007/08 revealed that there were further education enrolments in all 15 sector subject areas for learners aged under 19 years old. The top sector subject areas were:

Preparation for Life and Work
Analysis of enrolments for learners under 19 by level in 2007/08 revealed that 41% were at level 1 followed by 30% at level 2 and 15% at level 3.

**GIFHE: Adult Learners**

In 2006/07 there were 7517 further education adult learners (LSC funded), and in 2007/08 there were 7059 adult learners.

Adult enrolments in 2007/08 were within all 15 sector subject areas. The sector subject areas with the highest number of enrolments were:

Health, Public Services and Care

Engineering and Manufacturing Technologies

Information and Communication Technology

Preparation for Life and Work

Analysis of adult enrolments by level in 2007/08 revealed that 28% were at level 2 followed by 26% at level 1 and 9% at level 3.
Quality

Yorkshire Coast College

YCC was inspected by OfSTED in November 2007 when it was awarded grade 4 for effectiveness of provision, grade 4 for capacity to improve, grade 4 for achievement and standards, grade 4 for quality of provision and grade 4 for leadership and management.

For the curriculum areas, the college received four grade 4’s (inadequate) and one grade 3 (satisfactory).

The College was issued with a Notice to Improve by the LSC in May 2007 to run for the 2007/08 academic year. This was issued as a result of 26.9% of its long course provision falling below Minimum Levels of Performance (MLP). Over the last two years, two-thirds of its WBL has been removed.

A package of support was provided by the Quality Improvement Agency (QIA). However, the subsequent OfSTED inspection, led to a second Notice to Improve in February 2008 and a Post Inspection Action Plan agreed with the LSC.

The PFA review for the Soundness Operation and Effectiveness of Governance Frameworks and Financial Management was judged as inadequate and ineffective at Grade 4. An action plan for PFA has been implemented and is subject to the outcome of the reinspection undertaken in March 2009.

Progress to date

In March 2009, the College was reinspected and was found to have made significant progress in raising the quality of its provision, although there are still improvements to be made. One area of provision was judged good (grade 2) and no area is outstanding (grade 1).

The effectiveness of provision, capacity to improve, the quality of provision and the leadership and management are all now satisfactory, although equality of opportunity was judged to be inadequate.
Table 3: OfSTED curriculum inspection grades for YCC, November 2007 compared to March 2009.

<table>
<thead>
<tr>
<th>Curriculum area</th>
<th>OfSTED 2007</th>
<th>OfSTED 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering and Manufacturing Technologies</td>
<td>Not inspected</td>
<td>Good – Grade 2</td>
</tr>
<tr>
<td>Hairdressing and Beauty Therapy</td>
<td>Inadequate – grade 4</td>
<td>Satisfactory - Grade 3</td>
</tr>
<tr>
<td>Health, public services and care</td>
<td>Inadequate – grade 4</td>
<td>Satisfactory - Grade 3</td>
</tr>
<tr>
<td>Construction</td>
<td>Inadequate – grade 4</td>
<td>Satisfactory - Grade 3</td>
</tr>
<tr>
<td>Arts, Media and Publishing</td>
<td>Not inspected</td>
<td>Satisfactory - Grade 3</td>
</tr>
<tr>
<td>Leisure, travel and tourism and uniformed services</td>
<td>Satisfactory – grade 3</td>
<td>Satisfactory - Grade 3</td>
</tr>
<tr>
<td>Hospitality and Catering</td>
<td>Inadequate – grade 4</td>
<td>Inadequate –Grade 4</td>
</tr>
<tr>
<td>Literacy, numeracy, key skills and English for speaker of other languages (ESOL)</td>
<td>Inadequate – grade 4</td>
<td>Satisfactory - Grade 3</td>
</tr>
</tbody>
</table>

Source: OfSTED, 2007 and 2009

The key strengths identified at Inspection in 2009 were:

- Good engineering and accountancy provision
- Prompt action to bring about improvement
- Contribution of all staff to improvement
- Timely success rates for apprentices in most areas
- Success rates for learners requiring additional support
- Responsive provision for 14-16 learners and vulnerable young people

The areas for improvement identified at inspection in 2009 were:

- Success rates and outcomes for learners
- The quality of hospitality and catering and information and communication technology provision

---

3 Now known as Preparation for Life and Work
• The insufficient amount of good or better teaching and learning
• The impact of tutorial on learners' health, safety, personal development and well being
• The poor accommodation and financial position
• The promotion and monitoring of equality and diversity

Success Rates

The tables below summarise success rates for Yorkshire Coast College for long qualifications at levels 1, 2 and 3 for 16-18 and 19 plus learners.

Table 4: YCC 16 – 18 Long Success Rates

<table>
<thead>
<tr>
<th>Level</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long</td>
<td>54</td>
<td>53</td>
<td>69</td>
<td>77</td>
</tr>
<tr>
<td>Level 1</td>
<td>60</td>
<td>49</td>
<td>69</td>
<td>67</td>
</tr>
<tr>
<td>Level 2</td>
<td>48</td>
<td>63</td>
<td>64</td>
<td>65</td>
</tr>
</tbody>
</table>

Source: College ILR data

Table 5: YCC 19 Plus Long Success Rates

<table>
<thead>
<tr>
<th>Level</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long</td>
<td>53</td>
<td>46</td>
<td>64</td>
<td>66</td>
</tr>
<tr>
<td>Level 1</td>
<td>51</td>
<td>59</td>
<td>62</td>
<td>66</td>
</tr>
<tr>
<td>Level 2</td>
<td>48</td>
<td>48</td>
<td>61</td>
<td>68</td>
</tr>
</tbody>
</table>

Source: College ILR data

Grimsby Institute of Further and Higher Education

GIFHE was last inspected by OfSTED in November 2007. This inspection covered two curriculum areas only. The College was awarded grade 2 for effectiveness of provision, grade 2 for capacity to improve, grade 3 for achievement and standards, grade 2 for quality of provision and grade 2 for leadership and management.
The inspection report indicated that the Institute’s “quality improvement strategies are good and demonstrate improvement, particularly in teaching and learning” and that “the Institute’s response to meeting the needs and interests of learners and employers is outstanding”.

For the curriculum areas, the Institute received two grade 2’s (good) as below:

Table 6: OfSTED curriculum inspection grades for GIFHE

<table>
<thead>
<tr>
<th>Curriculum area</th>
<th>OfSTED grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information and communication technology</td>
<td>Good: grade 2</td>
</tr>
<tr>
<td>Adult Literacy and Numeracy</td>
<td>Good: grade 2</td>
</tr>
</tbody>
</table>

Source: OfSTED, 2007

The key strengths identified at Inspection were:

- High success rates on work-based learning
- Good teaching and learning
- Outstanding educational and social inclusion
- Some outstanding realistic working environments
- Good support for learners
- Strong leadership and vision
- Extensive employer engagement
- Strong financial position
- Good quality improvement strategies
- Good promotion of equality of opportunity

The areas for improvement were:

- Retention rates
- The use of target setting in individual learning plans
- Insufficiently embedded Skills for Life strategy

Success rates

The tables below summarise success rates for Grimsby Institute for long qualifications at levels 1, 2 and 3 for 16-18, and 19 plus learners.
Table 7: GIFHE 16 – 18 Long Success Rates

<table>
<thead>
<tr>
<th>Success %</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level 1</td>
<td>67</td>
<td>65</td>
<td>71</td>
<td>76</td>
</tr>
<tr>
<td>Level 2</td>
<td>61</td>
<td>57</td>
<td>68</td>
<td>68</td>
</tr>
<tr>
<td>Level 3</td>
<td>58</td>
<td>58</td>
<td>70</td>
<td>69</td>
</tr>
</tbody>
</table>

Source: College ILR data

The table above indicates that for 16 – 18 learners, success rates have improved at all three levels between 2004/05 and 2007/08.

Table 8: GIFHE 19+ Long Success Rates

<table>
<thead>
<tr>
<th>Success %</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level 1</td>
<td>57</td>
<td>69</td>
<td>66</td>
<td>69</td>
</tr>
<tr>
<td>Level 2</td>
<td>59</td>
<td>70</td>
<td>67</td>
<td>74</td>
</tr>
<tr>
<td>Level 3</td>
<td>53</td>
<td>63</td>
<td>68</td>
<td>69</td>
</tr>
</tbody>
</table>

Source: College ILR data

The table above indicates that for 19+ learners success rates have improved at all three levels between 2004/05 and 2007/08.

Future Developments

In putting together the consultation document, both colleges are aware of the following changes to the education and training infrastructure within East Yorkshire and North East Lincolnshire, and the wider area that will need to be taken into account.

In the area currently served by GIFHE, two schools are merging in 2010 to become a joint faith school. They are part of the Building Schools for the Future project so significant capital for new build will be available.

Additionally, Caistor Grammar will be offering a sixth form from 2009 (not a North East Lincolnshire school, but within the travel to study area).
In the area served by YCC there are a number of developments in the local economy which could impact upon the nature and volume of provision. These include, The Old Scarborough Whitby Railway Line, The Moors and Coast Tourism Awards, the Spa Complex, The SANDS Project, the Development of an Environmental Centre, the Scarborough Digital Hub, Middle Deepdale Housing Development and the Scarborough Harbour development. In Ryedale, there is increasing competition for 16-19 learners as one school has a new 6th form and a second has received capital funding to invest in vocational facilities (motor vehicle). Two secondary schools are forming a Federation and the Local Authority plans to build a small Vocational Centre.

**Current Travel to Learn**

In developing the full merger proposal a key objective will be to develop a broader range of learning opportunities aligned with Learning and Skills Council priorities and the needs of young people, adults and employers serving Scarborough and the wider area. This will reduce the need for learners to travel elsewhere to access provision that is currently not available in areas of Scarborough.

The map presented below illustrates the travel to learn patterns for YCC and GIFHE. Each dot represents an LSC funded learner (based on the learner resident postcode), YCC learners are shaded blue and GIFHE learners are shaded red. The map shows that travel to learn patterns are relatively distinct.

YCC draw a significant proportion of their learners from North Yorkshire coastal area, in particular Scarborough and Whitby. Learners are also drawn from York and East Riding of Yorkshire.

GIFHE draw the majority of their learners from North East Lincolnshire, North Lincolnshire but also from Kingston upon Hull.
Map 1 – YCC and GIFHE Travel to Learn Pattern
Governance and Management

The Governors of both colleges have approached the merger in a spirit of openness and collaboration. They have formed a Merger Steering Group to manage the merger process. This group is meeting regularly in order to discuss ongoing issues relating to the merger. In addition, subgroups of senior managers and staff are also meeting on a regular basis in order to progress harmonisation.

The expectation is that YCC will have a Board of Management which will comprise of some existing Governors, representatives from the Local Authority and the County Council, as well as local businesses and community/education representatives, including a place for the University of Hull. The role of this Board and the extent of its powers will continue to be explored and developed and will be explained more fully in the FMP. GIFHE wish it to have sufficient delegated authority from the main GIFHE Governing Body to ensure that the needs of the learners, community and businesses from Scarborough and its environs are effectively addressed.

It has been agreed in principle that some members of the present YCC Governing Body will be formally adopted by and transferred to, the new college board at the point of merger; the precise number has still to be decided as has the exact procedure. A formal request to DIUS to extend the size of Grimsby's Board for up to two years post–merger will be made.

Management

The merged college will have a management structure designed to ensure that teaching and learning and student support remain at the core. One of its main precepts will be strong leadership and management of those areas of the college that concentrate on its main business i.e. learning and training and quality assurance.

As the merger is a Model B, with a single dissolution, the post of Principal is clear. It will remain with the current post holder in Grimsby, though appropriate compliances will be followed to ensure due process.
The Corporations of both colleges recognise that their staff are the key resource for the merged college. The commitment and effectiveness of the staff of the merged college will be central to its success. The distance between the sites offers limited potential for curriculum rationalisation. Developing this merger will provide greater opportunities for staff career and professional development within a larger institution.

There may be a number of contractual issues between the terms and conditions of the two existing organisations. Whilst there may be an opportunity to harmonise some conditions of service when the merged college is established, the requirements of Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will apply, and the Governing Body of Grimsby Institute will be mindful of its obligations under TUPE.

A merger communication steering group is being established. An early priority will be to promote clarity and certainty for staff through communication and consultation through a range of channels including via the recognised trade unions. To this end, preliminary discussions with the recognised trade unions will begin early.
Yorkshire Coast College

YCC is a small institution based predominantly on one main site with a subsidiary annexe. The main site is dominated by its 1960s buildings which, despite having been innovative in their design, are now in need of substantial refurbishment or replacement. The fabric is poor. The maintenance regime has been dictated by the consideration that new buildings were imminent. As a result much of the fabric is clearly failing. An Application in Principle (AIP) for capital development has been made to the LSC but has been deferred in view of the merger proposal. The most recent AIP for complete replacement suggested a capital cost of £32m. This would relocate all activity onto the Lady Edith’s Drive site.

Grimsby Institute of Further and Higher Education

GIFHE is a large organisation that has continued to invest in its accommodation. It has built new building as appropriate and maintained its estate adequately. It has shown innovation in the use of its estate and has sensibly acquired buildings as and when required for a variety of reasons. Some of the College’s estate is dated and fundamentally at the end of its life. Some of the estate is both functionally suitable and has life left in it.

GIFHE has plans to develop its own campus in Grimsby which reached Application in Principle (AiP), but which have now been put on hold as a result of the well publicised difficulties with the LSC capital allocation process. GIFHE is currently evaluating its options, so that it can proceed not only with the plans in Grimsby, but also drive forward the very necessary capital development required in Scarborough. The merged college will provide increased opportunities for capital investment which would not be possible if YCC continued alone. Further details will be provided in the Full Merger Proposal.

The benefits of merger

GIFHE has valuable experience of developing its estate, of making capital applications, at the same time as guaranteeing the continuity of the learners’ experience and whilst improving quality. This will be valuable in terms of resolving the outstanding estates issues at YCC. These two parallel developments will require careful consideration, including with the LSC and/or its successor bodies. The detail of the estates analysis and the implications for the merger will be confirmed and expanded in the Full Merger Proposal.
Implications for Other Providers

Open and Transparent Processes
YCC is cogniscent of the potential impact that its decision to merge may have on the local community and on local providers of education and training in particular. Therefore, it consulted a range of key stakeholders during the course of its Strategic Options Review and, once the decision for merger had been agreed by the Corporation in May 2008, it instigated an open and transparent competition process in order to identify the most appropriate merger partner. Given the spirit of collaboration envisaged by GIFHE in this merger, it is unlikely that there will be adverse impacts on other providers in the area currently served by YCC. Indeed, the strengthening of the quality of provision through this merger, will make YCC a more attractive collaborative partner than it is now.

GIFHE has considered the effect its decision to merge may have on other providers in its area. Given the distance between the two colleges it is unlikely that there will be major effects on the area served by GIFHE.

Travel to learn
The geographical position of YCC, and the arrangements for post 16 education in the locality, means that there is little competition within Scarborough and the immediate recruitment area for the type of provision it offers.

Scarborough Sixth Form College chose not to express an interest in the competition for merger. However, it has provided an assurance to GIFHE that it will welcome the merger and will be pleased to collaborate with the new organisation.

The distance between the two colleges means that there are a number of colleges between Grimsby and Scarborough serving local populations. These colleges are:

- Bishop Burton
- Hull College
- East Riding College

To the north of Scarborough are Darlington College and Redcar and Cleveland College.

Relationships with neighbouring colleges
YCC has a good relationship with its neighbouring colleges. For example, there are some small partnering arrangements with East Riding College in respect of Apprenticeships and Askham Bryan College in relation to Animal Management. Proposals to create a single tertiary college for Scarborough have been promoted by the LSC for several years. This was the preferred
option of the Strategic Options Report. The Sixth Form College Governors have continued to resist this solution but the colleges continue to co-exist amicably.

Other providers

The exploration of strategic options included consultation with a wide group of key stakeholder providers. All local secondary school head teachers were consulted individually about the future of the college in the strategic options work. The head teachers are very keen to see rapid improvements in quality in order to address their concerns over a number of years.

Implications of merger

The transparent and open process so far undertaken by YCC in pursuit of merger indicates that the negative implications for other providers will be minimal and can be overcome by collaboration. The major impacts will be positive in establishing a strong, vibrant FE presence which can take equal part with other providers in meeting the needs of the area. There will be further exploration of the implications for other providers during the consultation phase. These will be reported in the Full Merger Proposal which goes to the Learning and Skills Council Yorkshire and the Humber for consideration to be put forward to the Secretary of State Innovation Universities and Skills.
### Key to Map 2

<table>
<thead>
<tr>
<th>Number</th>
<th>Provider</th>
<th>Number</th>
<th>Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>YCC - Main Campus</td>
<td>14</td>
<td>George Pindar School</td>
</tr>
<tr>
<td>2</td>
<td>YCC - Westwood (Creative Arts Campus)</td>
<td>15</td>
<td>St Augustines School</td>
</tr>
<tr>
<td>3</td>
<td>YCC - Plaxton Park (Construction)</td>
<td>16</td>
<td>Filey School</td>
</tr>
<tr>
<td>4</td>
<td>Derwent Training Association</td>
<td>17</td>
<td>Raincliffe School</td>
</tr>
<tr>
<td>5</td>
<td>The Academy</td>
<td>18</td>
<td>Graham School</td>
</tr>
<tr>
<td>6</td>
<td>Whitby Fishing</td>
<td>19</td>
<td>Scalby School</td>
</tr>
<tr>
<td>7</td>
<td>East Riding College</td>
<td>20</td>
<td>Ryedale School</td>
</tr>
<tr>
<td>8</td>
<td>York College</td>
<td>21</td>
<td>Caedmon School</td>
</tr>
<tr>
<td>9</td>
<td>Scarborough Sixth Form College</td>
<td>22</td>
<td>Eskdale School</td>
</tr>
<tr>
<td>10</td>
<td>Whitby Community College</td>
<td>23</td>
<td>University of Hull, Scarborough Campus</td>
</tr>
<tr>
<td>11</td>
<td>Lady Lumleys School</td>
<td>24</td>
<td>YH Training Services</td>
</tr>
<tr>
<td>12</td>
<td>Malton School</td>
<td>25</td>
<td>Tyro Training (Craven College)</td>
</tr>
<tr>
<td>13</td>
<td>Norton College</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Financial Information

Financial circumstances of each college

Historical Financial Performance

The tables below show the financial performance for both institutions for the four years to 31 July 2008 from their audited financial statements.

Table 10: YCC historical financial performance

<table>
<thead>
<tr>
<th></th>
<th>2004/05 Actual £000</th>
<th>2005/06 Actual £000</th>
<th>2006/07 Actual £000</th>
<th>2007/08 Actual £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income</td>
<td>9,159</td>
<td>9,094</td>
<td>8,866</td>
<td>10,877</td>
</tr>
<tr>
<td>Surplus/(deficit) on continuing operations</td>
<td>(485)</td>
<td>(8)</td>
<td>(974)</td>
<td>356</td>
</tr>
<tr>
<td>Historical cost surplus/(deficit)</td>
<td>(418)</td>
<td>60</td>
<td>(907)</td>
<td>243</td>
</tr>
<tr>
<td>Net current assets/(liabilities)</td>
<td>(33)</td>
<td>(42)</td>
<td>(767)</td>
<td>(136)</td>
</tr>
</tbody>
</table>

Source: Audited financial statements

Yorkshire Coast College has a history of significant deficits, culminating in an overdrawn Income and Expenditure Reserve and net liabilities overall. The College has a very weak balance sheet and is very dependent on the LSC for both ongoing funding and financial support. The total income figures for 2007/08 include £1.232 million in cash flow and exceptional support from the LSC. This support continues to be provided in 2008/09.

Table 11: GIFHE historical financial performance

<table>
<thead>
<tr>
<th></th>
<th>2004/05 Actual £000</th>
<th>2005/06 Actual £000</th>
<th>2006/07 Actual £000</th>
<th>2007/08 Actual £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income</td>
<td>31,641</td>
<td>34,747</td>
<td>40,317</td>
<td>44,366</td>
</tr>
<tr>
<td>Surplus/(deficit) on continuing operations</td>
<td>347</td>
<td>1,795</td>
<td>2,044</td>
<td>1,616</td>
</tr>
<tr>
<td>Historical cost surplus/(deficit)</td>
<td>542</td>
<td>1,990</td>
<td>2,232</td>
<td>1,559</td>
</tr>
<tr>
<td>Net current assets/(liabilities)</td>
<td>198</td>
<td>478</td>
<td>(946)</td>
<td>1,654</td>
</tr>
</tbody>
</table>

Source: Audited financial statements
In contrast to YCC, GIFHE has a recent history of generating significant surpluses with around £5.8 million being added to reserves before deducting exceptional items in the 4 years to July 2008. The results for 2007/08 are after deducting £527,000 in respect of adjustments to the carrying value of GIFHE’s buildings in anticipation of the delivery of the property strategy. The net current liabilities position in 2006/07 is largely the result of the receipt of European funds for which the Project Closure Report had not been received at the balance sheet date and therefore the funds were not released to income at that point.

Table 12: YCC Forecast financial performance

<table>
<thead>
<tr>
<th></th>
<th>2008/09 Projected £000</th>
<th>2008/09 Forecast £000</th>
<th>2009/10 Forecast £000</th>
<th>2010/11 Forecast £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income</td>
<td>8,252</td>
<td>8,405</td>
<td>8,670</td>
<td>8,724</td>
</tr>
<tr>
<td>Operating surplus/(deficit)</td>
<td>(362)</td>
<td>(416)</td>
<td>(144)</td>
<td>257</td>
</tr>
<tr>
<td>Surplus/(deficit) for the year</td>
<td>(362)</td>
<td>(416)</td>
<td>(144)</td>
<td>257</td>
</tr>
<tr>
<td>Historical cost surplus/(deficit)</td>
<td>(294)</td>
<td>(349)</td>
<td>(76)</td>
<td>324</td>
</tr>
<tr>
<td>Net current assets/(liabilities)</td>
<td>(2,155)</td>
<td>(1,271)</td>
<td>(1,314)</td>
<td>(1,126)</td>
</tr>
</tbody>
</table>

Source: 3 year forecast and January 2009 management accounts

The forecasts for 2008/09 assume that significant LSC support can be included as income in the year but nevertheless still result in a significant deficit for the year. The operating deficit is shown after including exceptional support and cash flow support income of £1.8 million, net of exceptional costs of approximately £900,000. The rest of the forecast period assumes that the College can deliver improvements in efficiency and staff utilisation thereby bringing about an operating surplus position by 2010/11.

Table 13: GIFHE Forecast financial performance

<table>
<thead>
<tr>
<th></th>
<th>2008/09 Projected £000</th>
<th>2008/09 Forecast £000</th>
<th>2009/10 Forecast £000</th>
<th>2010/11 Forecast £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income</td>
<td>46,721</td>
<td>45,008</td>
<td>46,240</td>
<td>47,417</td>
</tr>
<tr>
<td>Operating surplus/(deficit)</td>
<td>1,253</td>
<td>1,622</td>
<td>1,557</td>
<td>1,560</td>
</tr>
<tr>
<td>Surplus/(deficit) for the year</td>
<td>1,253</td>
<td>1,622</td>
<td>1,557</td>
<td>1,560</td>
</tr>
<tr>
<td>Historical cost surplus/(deficit)</td>
<td>1,817</td>
<td>1,752</td>
<td>1,755</td>
<td></td>
</tr>
<tr>
<td>Net current assets/(liabilities)</td>
<td>1,448</td>
<td>1,696</td>
<td>3,719</td>
<td>5,617</td>
</tr>
</tbody>
</table>
The original forecasts were drawn up using the initial plans regarding the redevelopment of the Nuns Corner campus. With the current uncertainty regarding the availability of funds from the LSC to progress the redevelopment, the Institute has amended the 2008-11 forecasts to strip out the impacts of the strategy, including the accelerated depreciation, grant releases and additional interest costs. The figures above reflect those changes. At a high level GIFHE has been prudent in its assumptions regarding the forecast period with income growth averaging 2% but pay costs averaging 3.3% and non pay costs 3%. This in itself means that forecast results have been prepared on a most prudent basis to cope with the current economic climate.

Implications of merger

On the basis of the above analysis, the prospective merger of the two colleges would create an institution with a total income approximately one quarter greater than the current total income of the GIFHE and correspondingly the YCC element would represent approximately one fifth of the business volume of the merged college.
**Marketing**

In order to improve and enhance participation levels in the area, which is an important element of the proposal, it is essential that a well-structured marketing strategy be adopted.

The retention of the local identity of YCC and the emphasis on strong local branding will be enhanced by a clearly defined marketing strategy to inform and reassure the catchment areas of both colleges that it is “business as usual”. The local branding strategy will maintain and further develop local pride. The marketing strategy will take into account different community needs, and associated local, sub regional and national agendas.

There are likely to be initiatives aimed at improving working relationships with existing partners and in the YCC area, the establishment of new stakeholder relationships in order to add to the potential for further market opportunities. Labour market intelligence, demographic trends and patterns will be utilised to further develop these strategies.

A Merger Communication Steering Group is being put in place which has the remit of providing direction and focus for all aspects of communication, and to ensure that communications are properly focussed during the merger process and afterwards, whilst meeting the needs of all stakeholders.

It is recognised that this is a unique opportunity to promote the new college and consequently a comprehensive re-launch programme will involve strategic publicity with carefully structured PR opportunities sensitive to the formation of new values and the image perception of potential learners and stakeholders in the wider community covering those areas that the merged college will serve.

The positioning of the new merged college within the 14-19 schools’ agenda will be undertaken in a collaborative and supportive manner to build closer working relationships with partners that should lead to effective progression routes and increased recruitment.
Consultation and the Merger Process

The Learning and Skills Council Yorkshire and the Humber are now formally consulting on the merger proposed between Yorkshire Coast College and Grimsby Institute for Further and Higher Education. Consultation is for a period of six weeks with a closing date for comments 12 noon, Thursday 4th June 2009. All responses will be acknowledged by the Learning and Skills Council Yorkshire and the Humber and copied to the two colleges.

The Learning and Skills Council Yorkshire and the Humber will consider the results of the consultation alongside the outcomes of the due diligence report and the full proposal at meeting in July 2009. They will consider the proposal against nationally determined criteria. At that stage it may be decided to support the merger and forward a proposal to the Secretary of State for Innovation Universities and Skills. Alternatively they could choose to seek a revised proposal, which may require further formal consultation, or choose not to support the proposed merger. If accepted, the necessary Order will be made with a view to the dissolution of the governing body of YCC and its merger with the GIFHE on 1st January 2010.

All consultation responses will be included in the file sent with the proposal to the Secretary of State for Innovation Universities and Skills.
Appendix A:

Circulation List

A summary of the circulation list can be seen below:

Members of Parliament and MEPs
Emergency services
Higher Education Funding Council for England
Other colleges
Work Based Training Providers
Association of Colleges
National Union of Students
Trade Unions
Local Learning Partnerships
Chambers of Commerce
Employers
Local Authorities
University Partners
Schools with Post-16 provision
Ofsted
Voluntary Organisations
Connexions Service
Sector Organisations
The Sector Skills Development Agency
Sector Skills Councils
Exam Boards
Job Centre Plus
National Employer Panel
Youth Offending Team
Association of Learning Providers
Yorkshire Forward
Department for Innovation, Universities and Skills
The Sixth Form Colleges Forum
Learner Groups
Employers
Apprenticeship providers
Appendix B (i)

PROPOSAL UNDER SECTION 51 (1) (C) OF THE FURTHER AND HIGHER EDUCATION ACT 1992 (THE ACT) FOR THE DISSOLUTION OF THE FURTHER EDUCATION CORPORATION OF YORKSHIRE COAST COLLEGE UNDER SECTION 27 OF THE ACT

NAME OF THE FURTHER EDUCATION CORPORATION:
Yorkshire Coast College

ADDRESS:
Lady Edith's Drive, Scarborough, YO12 5RN.

GENERAL DESCRIPTION OF THE EDUCATION PROVIDED AND THE NUMBER OF STUDENTS AT THE INSTITUTION:
Yorkshire Coast College is located in Scarborough, within North Yorkshire Local Authority area. In 2007/08 the college received funding from the LSC to deliver learning to 1,270 16-18 year olds and 2,450 adult learners. The total number of learners in 2006/07 was 4,750. The majority of the learners were following LSC funded programmes. Of 16-18 year olds, 90% were enrolled on full time programmes. Of adults, 15% were enrolled on full time courses. The college offers provision across 14 out of the 15 sector areas – the one exception being Agriculture, Horticulture and Animal Care - from entry level to level 4 and also delivers HE provision at level 4.

REASONS FOR PROPOSING DISSOLUTION OF THE CORPORATION:
The governing body of Yorkshire Coast College has agreed to merge with the Grimsby Institute of Further and Higher Education. This would be achieved by the dissolution of the further education corporation of Yorkshire Coast College and the transfer of its property, rights and liabilities to the further education corporation of the Grimsby Institute of Further and Higher Education. The merged college will retain the existing Yorkshire Coast College campuses at Lady Edith's Drive and Westwood, in Scarborough.

The principal benefits advanced by the governors of the colleges in support of the proposal are:

- to support the local infrastructure and the regional economy
- stronger links with the business sector
- to increase participation in education, learning and training within the area - particularly where there is significant under representation amongst identifiable groups of potential learners
- to provide distinct local governance, local voice and identity within the local community
- an exemplary track record for quality of provision
- experience of tackling the specific challenges in coastal areas
- transformational vision for the regeneration of the area
- stronger links to Higher Education through University of Hull
- capacity to generate significant inward investment
- clear plan for growth
- strong Leadership and Management capacity
- development of a culture where learners are expected to achieve
- clear plan for engagement in the 14-19 agenda and local partnerships with schools.
It is proposed that learners, employers and the local community will be able to benefit from:

- an opportunity to develop the ‘big picture’ for learning
- a comprehensive curriculum offer, at all levels
- a strong commitment to teaching and learning
- increased participation, retention and success
- investment and growth
- improved progression from further to higher education
- improved higher level skills of the workforce.

**Date proposed for the dissolution of the corporation:**

1st January 2010

**EDUCATION PROVISION TO BE MADE FOR THOSE LEARNERS WHO HAVE NOT COMPLETED THEIR PROGRAMMES ON THAT DATE:**

Those learners at Yorkshire Coast College who have not completed their programmes by the date of the dissolution to complete their programmes with the Grimsby Institute of Further and Higher Education at the campuses on Lady Edith’s Drive and Westwood in Scarborough.
Further and Higher Education Act 1992

The Learning and Skills Council

The Learning and Skills Council (LSC) hereby gives notice in accordance with the provisions of section 51 of the Further and Higher Education Act 1992 (the Act) of the 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 the Yorkshire Coast 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 Yorkshire Coast College, in order that the college may merge with Grimsby Institute of Further and Higher Education. It is proposed that the property, rights and liabilities of the corporation be transferred to the corporation of Grimsby Institute of Further and Higher Education.

The date proposed for the dissolution is 1 January 2010.

Provision will be made for all learners at Yorkshire Coast College who have not completed their programmes of study by the date of the proposed dissolution to complete their studies with the Grimsby Institute of Further and Higher Education, at the current Yorkshire Coast College campuses at Scarborough which will be retained.

A copy of the proposal is available free of charge from the LSC 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 the Learning and Skills Council by 12 noon, 4 June 2009.

Representations should be made in writing to:

Alan Challis
Partnership Director
Learning and Skills Council North Yorkshire
7 Pioneer Business Park
Amy Johnson Way
Clifton Moor Gate
York
YO30 4TN

Date of publication: 22 April 2009

Signed:

[Signature]

Liz Burdett, Director of Area for Learning and Skills Council North Yorkshire
Appendix C:

Financial Health Category Descriptions

**Group A**

These colleges will normally have:

- a positive cash flow from operations each year
- more than 25 cash days in hand
- a current ratio above 1.5:1
- a positive balance on their general reserve (income and expenditure account) excluding FRS 17 pension reserve
- an operating surplus year-on-year
- total borrowing of less than 15 per cent of their total annual income.

**Group B**

These colleges will normally have:

- a positive cash flow from operations each year
- more than 15 cash days in hand
- a current ratio between 1.0:1 and 1.5:1
- a positive balance on their general reserve (income and expenditure account) excluding FRS 17 pension reserve
- an operating position at break-even
- total borrowing between 15 per cent and 20 per cent of their total annual income

**Group C**

These colleges will normally have:

- a negative cash from operations in one or more years
- less than 15 cash days in hand
- net current liabilities (current ratio less than 1.0:1) in one or more years
- an accumulated deficit on their general reserve (income and expenditure account) excluding FRS 17 pension reserve
- an operating deficit
- total borrowing in excess of 40 per cent of their total annual income
Appendix D:

Yorkshire Coast College and Grimsby Institute of Further and Higher Education – Indicative Merger Timetable

<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2008</td>
<td>Formal resolution to explore merger agreed by YCC governors</td>
</tr>
<tr>
<td>February 2009</td>
<td>Merger partner explored through presentations from potential partners</td>
</tr>
<tr>
<td>April 2009</td>
<td>Initial Outline Proposal submitted to the Regional Council</td>
</tr>
<tr>
<td>April 2009</td>
<td>Start of the public consultation period and due diligence exercise</td>
</tr>
<tr>
<td>June 2009</td>
<td>YCC and GIFHE governors consider outcomes of consultation and due diligence</td>
</tr>
<tr>
<td>June 2009</td>
<td>Commencement of work on the Full Merger Proposal</td>
</tr>
<tr>
<td>Mid July 2009</td>
<td>Detailed full merger proposal completed and agreed by college corporations and submitted to the Regional Council for the Learning and Skills Council Yorkshire and the Humber for consideration</td>
</tr>
<tr>
<td>Late July 2009</td>
<td>Learning and Skills Council Yorkshire and the Humber prepare report/assessment of full proposal</td>
</tr>
<tr>
<td>Late July 2009</td>
<td>If supported – “White File” sent by the Learning and Skills Council Yorkshire and the Humber to the Secretary of State for Innovation Universities and Skills</td>
</tr>
<tr>
<td>January 2010</td>
<td>Merger takes effect</td>
</tr>
</tbody>
</table>
Appendix E Models for Success Criteria

It is an essential part of the Full Merger Proposal document that the proposal is measured against current criteria.

This chapter details the criteria which were first published in Models for Success in August 2008. These criteria will be fully addressed at Full Merger Proposal stage.

1. The proposal is likely to address **the needs of learners and employers**

2. The proposal is likely to **increase opportunity for the learner to exercise choice** and encourage diversity in the education and training available

3. The proposal is likely to **increase local participation rates and result in improved quality and success**

4. The proposal is likely to **develop innovation and improve access to learning for the community**

5. The proposal ensures **the embedding of all aspects of equality and diversity**

6. The proposal is likely to **promote effective community cohesion** through community presence and representation within governance structures

7. The proposal is likely to **provide better value for money**
Appendix F:

CONSULTATION RESPONSE PROFORMA

Responses are invited by **12 noon, Thursday 4th June 2009** to the following attached documents:

a. Consultation document on the proposed reorganisation of **Yorkshire Coast College and Grimsby Institute of Further and Higher Education**.

b. Statutory Notice for the reorganisation of **Yorkshire Coast College**.

Please provide your comments in the appropriate space below and append additional sheets as necessary. **Please indicate whether your comments are directed to the colleges involved, to the Learning and Skills Council Yorkshire and the Humber or to all parties in order that the appropriate party may respond where necessary.** Please note, all responses will be considered both by the colleges and by the Learning and Skills Council Yorkshire and the Humber.

1. **Comments on the objectives of the merger proposal.**

2. **Comments on any potential impact on learners arising from the merger proposal.**
3. Comments on any curriculum issues arising from the merger proposal

4. Comments on any governance, management or resourcing issues arising from the merger proposal
5. Comments on estate issues and travel for learner considerations

6. Any other relevant comments

The above comments are directed to (please tick one box only):

☐ The Colleges
☐ Learning and Skills Council Yorkshire and the Humber
☐ The Colleges and the Learning and Skills Council Yorkshire and the Humber

Name ............................................................................................................................
Organisation (if applicable) ........................................................................................
Address ......................................................................................................................
____________________________________________________________________________
____________________________________________________________________________
Signed .............................................. Date ..............................................

Please return this pro-forma to:

Allan Challis
Partnership Director
North Yorkshire Area Team
Learning and Skills Council Yorkshire and the Humber
7 Pioneer Business Park
Amy Johnson Way
Clifton Moorgate
York
YO30 4TN
yccandgifhe@lsc.gov.uk

By 12 noon, Thursday 4th June 2009