

To John Hayes BIS

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- Personal Information*

From

Date

8 December 2011

## Proposed Merger of Southwark College and Lewisham College

### Issue

1. To give the Minister the opportunity to comment on the proposed merger proposal involving Southwark College and Lewisham College (2 General FE Colleges) before they proceed to public consultation.

### Timing

2. By 16 December. The colleges would like to begin the public consultation on their proposed merger as soon as possible, with a view to merging during April 2012.

### Recommendation

3. That the Minister:

- notes the colleges' plans to move forward to the required public consultation;
- but writes to the colleges setting out his views on mergers, drawing attention to the policy framework set out in New Challenges, New Chances, and the need to consider the longer term strategic issues in relation to localism, breadth of choice, open competition and diversity

### Coalition Considerations

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of government policy*

4. No direct reference in the Coalition programme, but policy development should be consistent with giving freedoms to colleges (section 31). In the future, on commencement of the relevant provisions within the Education Act 2011 (planned for April 2011), college corporations will be able to determine for themselves whether or not they want to dissolve and merge.

### Argument

5. Lewisham and Southwark are two adjoining inner-city boroughs in south London. They share significant similarities in terms of population, educational and economic outcomes and future prospects. The proposed merger is driven, on the one hand, by the declining financial health of Southwark College and on the other, by Lewisham College's desire to further strengthen its position in the long-term and ensure the breadth of its offer for learners. The Colleges believe that the merger will meet growing demand at Southwark, improve its financial health, maintain and enhance choice for learners, and meet needs identified by Lewisham in its forward strategy. They also feel the proposed merger will support the economic developments of Central, South and South East London especially around the South Bank.

12. Lewisham College decided, if it was to reduce local unemployment, it needed to work far more outside borough boundaries. Its Governors therefore opened the College up to approaches from potential partners including Private Sector Partnerships and University Partnerships as well as merger options. Ultimately, it accepted an independent review recommendation that learners in south London would benefit strongly from close cooperation between Lewisham College and, specifically, Southwark College, given the latter's good transport links, the complementary nature of its course offer and the prime position of its estates.

### **Maintaining local presence and identity in Southwark**

13. Although the proposed merger would be effected through the dissolution of the Southwark Corporation, both sets of governors state a commitment to maintaining a significant presence in Southwark on the current campuses, and to meeting the needs of learners in both boroughs through the development of employer focused centres of excellence. The Colleges believe the proposed merged college would be vocational and employer-led, offering alternatives to academic provision in schools for young people and increasing choice for adults through the development of a broad vocational offer linked to local employment opportunities.

### **Resources**

14. There are no costs arising from this submission for the Department. The costs of the proposed merger, estimated to be [REDACTED] will be met in full by the Colleges. The Colleges have estimated savings of [REDACTED], accumulated over the three year period 12-13 to 14-15, but there may be further potential to rationalise the estate of the merged college and to make more efficient use of space.

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[REDACTED]

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### **Press and Stakeholder Handling**

16. The proposal contains statements of support from two local MPs [REDACTED]. [REDACTED] has written to the Principal of Southwark College to support it. It is understood that [REDACTED] intend to contact the Minister to support the proposed merger. A full list of local MPs is given in Annex 1.

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17. The Skills Funding Agency has liaised with the YPLA on this proposal. YPLA has confirmed that there are no issues they wish to raise at this stage which would prevent or delay the proposal moving forward for public consultation.

### **Special Advisers' (SpAds) advice**

18. Special Advisors have not had an opportunity to review this submission.

### **Background**

19. Annex 1 provides further background information on the colleges.

**Cleared by:** Susan Pember (BIS, Director FE and Skills Investment)



## The two colleges

### **Southwark College**

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-A small FE college whose income has fallen from almost [redacted] in the current financial forecast. It enrolls 4,600 learners at three centres in Bermondsey, Waterloo and Camberwell.

-The college's three sites provide a total of 25,500M<sup>2</sup> of useable space with significant capacity to accommodate growth in provision and accommodate some of the Centres of Skills Excellence highlighted in the proposal.

-The majority of enrolments for adults are at Foundation level. In the smaller proportion of learners aged 16 to 18, enrolments are more evenly split between levels but with the largest number at Foundation level. In the local community, a third of the enrolled learners of working age have English Language or basic skills needs.

-The college offers a School Engagement Programme for 140 pupils aged 14-16. It has an 'Education Other Than at School' (EOTAS) contract with the Local Authority (LA) to deliver provision for 60 young learners to reduce the number of young people not in education, employment or training (NEET).

-The college's concentration on Foundation learning has resulted in a narrow curriculum offer with limited progression routes to Level 3 and beyond.

-A poor Ofsted inspection result in 2008 led to declining learner numbers and a difficult financial position. Governors and management looked at a series of initiatives including curriculum reform and restructuring. Two independent strategic options reviews concluded that the college is no longer viable as a stand-alone institution and urgently needs to increase capacity for growth to meet the demands of learners and employers.

-The borough of Southwark is undergoing major regeneration along the South Bank of the Thames, through the Shard at London Bridge and the inception of the London Bridge Quarter as a financial district. In 2012 when the Shard opens it will create thousands of jobs.

### **Lewisham College**

-A large, general FE college operating from two main sites in Lewisham Way and Deptford.

-It enrolls 16,000 students and delivers a wide portfolio of courses in 13 of the 15 sector subject areas. The largest areas are preparation for life and work, business and administration, health and leisure, construction and employer and employment work.

-The college was awarded Beacon status over 10 years ago was assessed as Outstanding by Ofsted for the effectiveness of provision at its last inspection in 2006. It retains a national reputation for innovation and excellence.

-72% of the provision is at NVQ Level 2 and below reflecting the needs of its communities. It has specialist areas of excellence in employer facing work, young people at risk of exclusion from the school system, students with learning difficulties and work with the trade unions.