

Case Study 1: University of Salford/Salford College of Technology/Northern College of Nursing and Midwifery

Introduction

1. Although the original decision to pursue merger was between the University of Salford and Salford College of Technology, the proposal was given added force by the invitation to the University of Salford to bid for the local nursing and midwifery training contract. The successful bidder would absorb the Northern College of Nursing and Midwifery. The University of Salford had no track record in the health field but Salford College of Technology did and merger with the College was, therefore an essential component of the bid for the nursing and midwifery contract.

History

2. The University of Salford and Salford College of Technology both developed out of the original local Technical Institute. In the 1950s most of the higher level work was put into the new Salford College of Advanced Technology (CAT) which along with the other CATs was given University status following the report of the Robbins Committee in 1963. The rest of the work formed the basis of the local FE College which over time developed its higher education portfolio in response to local demand, especially for part-time undergraduate programmes that the University by and large did not offer and in specialist areas such as radiography, creative media and band music. The two institutions were on adjacent sites

3. By 1989 when the Government gave independence to polytechnics and LEA colleges that had over 55% higher education work, Salford College met the criteria for independence and entered the Polytechnics and Colleges sector funded by the Polytechnics and Colleges Funding Council (PCFC). It retained some FE work which continued to be funded by Salford LEA until the establishment of the Further Education Funding Council in 1993. Also in 1993 both the University of Salford and Salford College of Technology joined a single higher education sector in England funded by the Higher Education Funding Council for England(HEFCE).

Genesis of the Merger Proposal

4. From 1985 the University had helped in the development of higher education work at the College through validation and approval of courses and the establishment of appropriate standards. At the time the College achieved its independence in 1989 the then Vice Chancellor of the University and the Principal of the College agreed in principle that at some point in the future the two institutions should merge. In the meantime to reflect the existing academic relationship there should be cross-representation on certain key committees and other groups, establishing a loose academic federation with both institutions maintaining their financial and managerial independence. There were, however, some examples of collaboration in the delivery of central services such as estates where the University provided project management services to the College

5. From 1991/92 the University became concerned with the relative narrowness of its academic footprint and the decline in demand for its central academic programmes in engineering and physical sciences with UMIST as a clear local threat in those key areas. At the time of the establishment of HEFCE in 1993 the University had programmes in only four or five of the 11 Academic Subject Categories used by HEFCE.

6. In recognition of the complementary strengths of the two institutions the new Vice Chancellor and the then Principal of the College agreed in principle that the two institutions should merge, but that the timetable for pursuing the proposal should be four years. HEFCE encouraged the institutions to pursue merger but made clear that it could not provide financial support.

7. Shortly after this agreement the then College Principal died and his successor was not as well known or respected by the staff of the University

8. As noted at the beginning the merger proposal became intimately tied in with the negotiations with the NHS over the nursing contract because the University could not succeed in the negotiations without the experience and expertise that the College had to offer. While providing a strong incentive to agree the merger the simultaneous handling of the merger proposal and the contract negotiations with the NHS clearly complicated the process and added to the uncertainties.

Process

9. The two institutions established two main groups for taking the merger group forward:

- A **Joint Merger Group** consisting of the Vice Chancellor, the Principal of the College, the senior Pro-Vice Chancellor, the Deputy Principal of the College and the Registrar/Secretaries of the two Institutions.
- A **Merger Management Committee** consisting of two senior academic and an administrator from each institution with an independent chairman and serviced by the planning office.

10. The primary role of these two groups was to anticipate difficulties in order to allow proper discussion of the issues in Senate/Council of the University and the Academic Board/ Board of Governors of the College. The two groups were fed by a number of joint working groups which came up, for example, with the proposed structures for the merged institution that dealt with the issues arising from the requirements of the Transfer of Undertakings Personnel and Employment (TUPE) issues.

Where issues of particular difficulty arose the senior Pro-Vice Chancellor on the Joint Merger Group and the Deputy Principal of the College were designated as overall umpires to determine how the issue should be resolved.

11. The independent chairman of the merger management committee reported directly to the Vice Chancellor and the Principal of the College. He was responsible for driving the work forward and setting the agenda for the meetings of the Committee.

12. The merger management committee also acted as a means of communication back to the staff of the two institutions and a point of contact for individual members of staff who wished to raise issues of concern to them. To an extent the committee provided a smokescreen to allow the creation of the right environment for the decisions to be taken.

13. There were clear difficulties in involving the Northern College of Nursing in the process because of the delicacy of the parallel negotiations with the NHS

Key Issues

14. The principal issues on the critical path to the ultimate decision were:

- The legal form of the merger (including the name of the merged institution);
- The senior structure and a job for the Principal and Deputy Principal of the College
- The academic staffing structure and the filling of posts
- Different superannuation schemes for academic staff
- IT Infrastructure for Teaching
- Financial matters

15. The Privy Council were involved from an early stage since it had been agreed to proceed through amendment to the University's Charter and the dissolution of the College Higher Education Corporation. There was a debate about the Charter and title of the merged institution, but there was insufficient representation at the level of Council/Board of Governors for the discussion to be a properly joint one. There were a large number of issues to be resolved in respect of the revised Charter, but these were not on the critical path to merger.

16. From an early stage it was agreed that the current Vice Chancellor should retain his post and he had indicated that he wished to stay for at least one year after the merger took place. Within the context of the merger giving rise to no immediate redundancies the post of Deputy Vice Chancellor was created to provide a post for the Principal of Salford College of Technology.

17. The academic structure that was agreed for the merged institution had 8 faculties and 38 departments. This was a political solution to get the merger through without redundancies. It was not stable in the long-term and has been revisited twice since the merger took place. To secure the proper ordering of academic appointments in the timetable to merger a very detailed timetable across a period of 10 months for the process was drawn up and agreed.

18. The bringing together of the non-academic staff was not seen as so time critical to the merger but proved to be just as difficult and messy. This left ill-feeling that the administration had been left to the end with little thought about support structures.

19. The academic staff of the College of Technology were in the Teachers' Superannuation Scheme (TSS) and the University's academic staff were in the Universities' Superannuation Scheme (USS). The Trades Unions argued that as a matter of fairness the College academic staff should transfer to USS on merger, although the benefits under the two schemes were very similar. However USS has a significantly higher employer contribution rate than TSS and this transfer would have had significant financial consequences for the merged institution. However, a transfer of this number of staff would also have had financial consequences for USS since TSS unlike USS is not a fully-funded scheme. USS was prepared to accept individuals on a 'knock for knock' basis, but not a wholesale transfer of this magnitude. The College staff did not therefore transfer to USS, but a deal was negotiated with the

Trades Unions that guaranteed access to the precise same retirement benefits for all academic staff.

20. The University had recently agreed a new IT Strategy for teaching which involved placing a machine on every desk. Matching the College's approach to IT infrastructure with this approach was a major issue that had to be left until after the merger

21. Both institutions were in a strong financial position, but there were concerns about the ability of the individual institutions to enter longer-term financial commitments that would fall to be met by the merged institution. This issue was resolved in two ways. First and perhaps most importantly, the two Directors of Finance knew each other well and trusted each other and second, for the final period up to merger, it was agreed that any longer term financial commitment had to be approved by both institutions.

Difficulties and Potential Deal Breakers

22. The following issues appear to have been the main difficulties and potential deal breakers encountered in the period up to merger

- Academic staff opposition based on concerns about RAE ratings
- Cultural differences
- Job for Principal of the College (position of Heads of Institutions)
- The election of Deans
- Academic staff in different superannuation schemes
- Longer term financial commitments

23. There was strong opposition to the merger from academic staff in certain departments in the University. These opponents known as the "*Quidnuncs*" (Latin – but no) based their opposition on concerns about the dilution of the research strengths of the University from the merger and the impact on RAE scores. Timing was important because the merger and the 1996 RAE were happening at the same time.

24. **It was not clear given the strength of this opposition whether the University Senate would approve the final merger proposal.** The risk of failure was magnified by then Vice Chancellor's tendency to take opposition personally. Nevertheless, the proposal was ultimately approved by Senate and Council of the University. This may have been helped by the structures put in place to allow a full airing of the issues before they went to Senate and Council.

25. There was more limited opposition from some of the academic staff of the College, based in part on a view that the University wanted the College to shore it up. However, this opposition was less-well organised than that in the University.

26. This opposition to the proposed merger from the two institutions reflected a wider **difference of culture** in the two institutions. The University saw itself as a research oriented institution in competition with UMIST even though it had probably always

been a poor relation to UMIST. The College on the other hand saw itself primarily as an innovative teaching institution with some modest aspirations in the research field. Most importantly it related quite readily to the work of the Northern College of Nursing and recognised that the University needed merger with Salford College if it was to secure the nursing contract.

27. It is interesting to note that following merger the department with the biggest overlap between the two institutions, business studies, did begin to bridge this cultural gap through its Departmental Advisory Board. Every full-time member of academic staff is in membership of the Advisory Board and it provided a forum where people could get to know one another and forge new alliances. Nevertheless there remain major cultural differences and some academic staff in some departments continue in their opposition to the merger even after seven years.

28. Because it was accepted in this case that the merger would take place with the University continuing in existence it was clear that the Vice Chancellor would be head of the merged institution if he decided to stay. It was nevertheless important that suitable posts be either found or created for the Principal and Deputy Principal of the College. This was reinforced by the general commitment to no redundancy as a result of the merger. Suitable posts were found.

29. **The election for Deans of Faculties** could clearly have been a deal breaker. It was a critical element in filling up the proposed academic structure and directly on the critical path to meet the merger timetable. The management of the College considered that election was an unsatisfactory way of appointing key academic managers whereas the academic staff in the University saw it as a key indicator of continuing old university status. There was a real risk that abandoning the election of deans would have added to the existing opposition from academic staff discussed above. In the end those opposed from the College of Technology to the election of deans decided that they were not prepared to pull down the house of cards on this issue.

30. As noted above the participation of the academic staff in the two institutions in **different superannuation schemes** was a major issue with the Trades Unions who argued that all academic staff of College of Technology should transfer to USS on merger. This was ultimately ruled out by USS itself, but the difficulty was overcome by the University agreeing to pay common benefits in the one area of difference in the benefits package of the two schemes.

31. The decision to require approval by both institutions to any long-term financial commitment which either partner wished to enter into immediately prior to the merger appears to have sensibly removed any room for doubting the other side's integrity

Some Conclusions

32. The main conclusions from this case study are:

- The importance of joint structures to carry forward the merger process
- Merger is a long-term process. The date on which the legal merger takes place is like the wedding in relation to a marriage. It is wholly unreasonable to expect to have everything tied up before the legal merger and the full implementation may take up to 10 years.

- Four years between the decision in principle and the legal merger was too long. It enabled opponents to marshal their forces and come close to overturning the proposal.
- Even on a shorter timescale the external environment changes and this can significantly affect the case for merger for better or for worse.
- In this merger proposal the academic issues were predominant which seems to have led to less involvement from members of Council or Boards of Governors in the process than in some other merger proposals, although they were still a key element in the decision making process.
- HEFCE appear to have adopted a very hands-off, while encouraging approach, in this case based on a clear unwillingness to offer financial support
- The level of commitment required from senior staff of both institutions was very high given that they had to combine work on taking the merger forward with their existing jobs. In the case of this merger this commitment was spread over a long period.
- Trust between key individuals in the partner institutions is vital
- The existence of an obvious win/ win opportunity as in this case with the nursing contract can enhance motivation to overcome difficulties.