



Education & Skills
Funding Agency

Annual report of the Further Education Commissioner

1 August 2020 to 31 July 2021

December 2021

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Introduction

This is my first annual report as FE Commissioner, having been appointed to the role on 1 October 2021. We have had 3 FE Commissioners over the last year with Sir Richard Atkins retiring in March and Frances Wadsworth covering as interim FE Commissioner from April until the end of September.

Prior to joining the Department for Education (DfE), I was Chief Executive of Chichester College Group for some years and gained a wide range of practitioner knowledge across that time, including of both mergers and opening a new college. I know that at the heart of every college is the desire to provide an outstanding student experience and I also know that it has been a very tough 18 months. During this time, leaders in further education have shown agility, flexibility, and braveness in enabling students to achieve their qualifications, despite uncertainty and amidst huge financial pressures, and there is no doubt that this has been recognised in the DfE and by increased funding from the Treasury.



My team of 6 Deputy FE Commissioners and 12 Advisers have carried out a range of visits to colleges between August 2020 and July 2021, both in person and virtually, and this report provides details of these visits. You will also find further information on our team of National Leaders of Further Education (NLFEs), National Leaders of Governance (NLGs) and the Principals' Reference Group (PRG). There is also information on our Active Support offer which includes an update on the Curriculum Efficiency and Financial Sustainability (CEFS) pilot.

The role of the FE Commissioner has broadened over the last year with the focus shifting to encompass recommendations made in the Dame Mary Ney report on the independent review of college financial oversight. Dame Mary's conclusions included that the agencies supporting colleges in intervention could work more effectively together, and that some colleges spent too much time in intervention.

To respond to this, whilst the main components of the FE Commissioner role remain the same, there will be a greater emphasis on support for all colleges, not just those in intervention, within the context of the Education and Skills Funding Agency's (ESFA) overall case management approach.

The FE White Paper Funding and Accountability consultation states that 'the FE Commissioner should enhance its existing leadership role, with a renewed focus on driving improvement and championing excellence'.

This includes:

- supporting colleges to improve if a college is underperforming on the skills measure
- supporting colleges in intervention in improving their performance against meeting local skills needs
- being a source of significant expertise and practitioner insight and continuing to be the primary agent for improvement across the entire sector

The 4 main components of the FE Commissioner role, therefore, are:

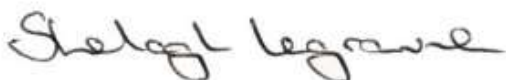
- leading college support and intervention
- sharing best practice across the sector
- working with system leaders to bring FE practitioner expertise into government
- overseeing local improvement and ensuring local skills needs are met

For me personally, I see my primary responsibility as championing the FE sector within DfE, a sector I am very proud to work in and passionate about how we change lives through learning.

The College Collaboration Fund (CCF) has been really successful in enabling colleges to work together more collaboratively on quality improvement and to share good practice. The second round of CCF is now well underway and resources will be added to the [GOV.UK](#) page as they become available. There are already some great resources developed from the first round of projects available, covering a wide range of areas from mental health and wellbeing to remote education and staff development. DfE has also just published an [insight report](#) on how CCF has been used to develop digital curriculum content, which has top tips and case studies, so please do take a look.

We have so much to celebrate – skilling over 650,000 young people annually and preparing them for progression to employment or university, working with thousands of employers on work experience or through apprenticeships and supporting 1 million adults to reskill, and all with the challenges and limitations which Covid-19 has imposed.

I look forward to working with all of you on sharing good practice, learning from each other, and promoting further education. The more open we are with each other, the stronger we will be together.



Shelagh Legrave, CBE
FE Commissioner

Further Education Commissioner team activity and impact

Diagnostic assessments

Diagnostic assessments (DA) are visits to a college by the FE Commissioner to look at a college's financial and quality plans, to talk through with senior leaders the extent that the plan will take the college forward, and to suggest amendments and additions to the plan. The visit is focused mainly on discussions with the senior leadership team and other stakeholders at the college. For example, governors, staff, students, unions, and senior managers.

The outcome of the DA is either that the FE Commissioner's team will endorse the college's existing plans or recommend that it needs to be strengthened through additional elements being added to the plan. Where the latter outcome is determined, the FE Commissioner's team will make recommendations to the college as to what it needs to look at to strengthen its plans and will arrange to re-visit the college within 6 months to assess progress.

A DA can also lead to a recommendation that the college is escalated into intervention, where the FE Commissioner's team identifies significant risk and there is a need for specific help. This is only used in exceptional circumstances.

During August 2020 to July 2021 the FE Commissioner's team carried out 25 DAs. Of these, 2 colleges had their plans endorsed, 22 recommended that the college strengthen their existing plans, and 1 led to a recommendation of escalation to intervention.

In addition, 42 follow-up DA visits took place based on a previous DA or follow-up visit that had an outcome of strengthen plans. The follow-up visits resulted in 18 colleges now having their plans endorsed and 24 colleges who will continue to work with the FE Commissioner's team to further strengthen their plans.

Case Study: The College of West Anglia

The College of West Anglia is a medium-sized general further education college formed from a number of mergers. It has campuses in King's Lynn, Wisbech and Cambridge.

The college moved into early intervention in 2018 due to declining financial health resulting from falling student numbers and funding linked to a sharp drop in 16-18 demographics. The diagnostic assessment (DA) conducted in January 2019 recognised positive performance on quality improvement (to Ofsted good) whilst recommending further actions to accelerate plans to improve curriculum efficiency, deliver savings in pay costs and strengthen financial sustainability.

A DA follow-up just before lockdown in February 2020 noted positive progress being made in stemming the decline in student numbers and improving financial health. Once college visits resumed in summer 2021, the FE Commissioner concluded that the college had made sufficient progress to be able to endorse the college's approach at a final visit in July 2021.

The FE Commissioner welcomed the improving trend in student enrolments and the return of financial health to good (borderline outstanding). The college is now financially resilient having implemented a range of well-judged actions to bring budgetary performance back into balance and strengthen cash reserves.

Board membership has been strengthened with help from DfE-funded governor recruitment support from Peridot and the college has benefited from engagement with the FE Commissioner's team on the good practice guide for college management accounts. Governors and senior leaders have worked hard over the last 3 years to secure the improvements made in quality and finance. Prospects for the future look positive with a range of new initiatives underway, such as the launch of T Levels and the School of Nursing Studies (a joint venture with Anglia Ruskin University).

"It was useful to test out our plans through a dialogue with the FE Commissioner's team and the resulting early engagement with the governor recruitment service and best practice guide development" – David Pomfret, Principal

Structural reviews

Structural reviews are undertaken when a change to the structure of a college or provision may be needed to maintain financial sustainability and high-quality opportunities for learners. Structural reviews are generally conducted as structure and prospects appraisals, looking at a single institution. There are also local provision reviews, which can include more than one institution and assess provision across a defined area.

During the 2020 to 2021 reporting year, 5 new structure and prospects appraisals were started and completed. In addition, 3 structure and prospects appraisals that started in the previous academic year were completed.

The recommendations from completed structural reviews may be subject to negotiations between the department and the colleges, which also undertake their own due diligence process. This will determine the exact form in which the recommended solution may be implemented and the associated timescale.

During the 2020 to 2021 reporting year, the outcomes of 5 past structural reviews were successfully implemented. This resulted in 4 college mergers and 1 college becoming part of a higher education institution – details are in the table below.

FE Commissioner-led structure and prospects appraisal outcomes implemented in 2020 to 2021¹

College	Outcome	Implementation date
Peterborough Regional College	Merger with New College Stamford to form the Inspire Education Group	01/08/2020
East Riding College	Merger with TEC Partnership (Grimsby Institute Group)	01/08/2020
National College for Advanced Transport and Infrastructure	Became a designated institution company as a subsidiary of University of Birmingham	30/04/2021
Cheadle and Marple Sixth Form College	Merged with Trafford College to form the Trafford College Group	04/05/2021
Highbury College	Merged with Portsmouth College to form City of Portsmouth College	31/07/2021

Structure and prospects appraisal process



¹ Includes a structure and prospects appraisal supported by the FE Commissioner.

Case Study: Highbury College

Highbury College was a general further education college which provided post-16 education for residents of Portsmouth.

The college was judged as requires improvement in 2018, and a decline in its financial health led it to be rated as inadequate by Education and Skills Funding Agency (ESFA). In addition, concerns about leadership and governance meant it was placed in intervention and supervised status.

With the support of the FE Commissioner, a new leadership team and chair of governors started in November 2019. However, the college continued to face significant financial challenges and the FE Commissioner recommended a structure and prospects appraisal (SPA) be carried out to review the option of a merger with another local college.

An FE Commissioner-led SPA took place between March and November 2020, with a steering group which included representatives from the college, ESFA, the local enterprise partnership and Portsmouth City Council. After a thorough process, the FE Commissioner and the steering group recommended that the college merge with City College Portsmouth. This was approved by the skills minister and the boards of both colleges. A shadow board with equal membership from both colleges was established to oversee the merger process, with support from a National Leader of Governance.

The merger was completed by August 2021 with the formation of the new City of Portsmouth College. This has created a single high quality post-16 college for Portsmouth, which offers a wide range of provision including A levels, apprenticeships, and higher education qualifications which help to meet the existing and future needs of learners and employers.

Case Study: National College for Advanced Transport and Infrastructure (NCATI)

The National College of High-Speed Rail was originally established in 2017 to support the delivery of HS2, before re-branding as NCATI in 2019. The re-brand was pushed to widen the sectors that the college could operate in. NCATI's model was to exponentially grow apprenticeships that were dependent on levy paying employers. Due to a lack of recruitment, NCATI's income forecasts were not met.

NCATI was assessed as inadequate at its first Ofsted inspection in November 2019. Further grant support from the Department for Education was not justified given the Ofsted assessment, and as a result, the college required support from the government to remain solvent.

ESFA assumed the lead for the case in December 2019 and the college was issued with a Financial Notice to Improve and referred to the FE Commissioner for an intervention visit. Following the initial FE Commissioner intervention visit in January 2020, NCATI was placed in supervised status. A further FE Commissioner visit focused on governance and leadership was also undertaken in February 2020. The board accepted the college was not viable in its current form and agreed to participate in a FE Commissioner-led structure and prospects appraisal (SPA). A new interim principal was in post from March 2020.

The FE Commissioner-led SPA spanned the start of the pandemic from March 2020 concluding in July 2020. The final recommendation of the SPA was a merger with the University of Birmingham.

To implement the FE Commissioner recommendation, ESFA worked with DfE and a deal was negotiated with the University of Birmingham that required the creation of a new entity wholly owned by the university to operate in the further education sector. This required the Secretary of State to issue a section 28 designation. Following detailed negotiation, a deal was concluded that allowed the staff, assets and some liabilities to be transferred to the new entity in April 2021. The deal secured valued niche provision to support progression to employment in large infrastructure projects, it also protected the public investment that had been made in the college buildings in Birmingham and Doncaster. A new experienced Principal and Finance Director were appointed by the university to support the colleges long term recovery.

FE Commissioner intervention²

The FE Commissioner and her team assess FE colleges and other institutions that were subject to formal intervention (now called intervention) during the year, in line with the published policy. Assessments were a mixture of virtual and face to face, reflecting the range of lockdowns that impacted the reporting period.

The FE Commissioner undertook 4 full initial intervention assessments during the 2020 to 2021 reporting period. Of these 4, 3 entered intervention due to financial triggers and 1 due to quality. A refreshed intervention assessment was undertaken with 1 further college during this period due to having been in intervention measures for an extended period of time. Refreshed visits enable the FE Commissioner to assess how a colleges' situation has changed and therefore how best to support it.

As of 31 July 2021, a total of 22 colleges remained subject to intervention after 10 were removed from intervention during this reporting period: 2 as a result of structural change, 2 as a result of the education administration, and the remaining 6 due to improvements in the college's performance.

Case Study: Hartlepool College of Further Education

Hartlepool College of Further Education (HCFE) is a small general further education college based in the centre of Hartlepool within the Tees Valley. The college occupies a new build which opened in 2011 at a total cost of £51.3 million. Though £39 million of the building costs was funded by a capital grant, from the then Learning and Skills Council, the balance was subject to a loan from the colleges bank.

The college's area review recommendation was a merger with Hartlepool Sixth Form College (HSFC). Merger discussions ended in January 2017 when the Board of Governors at HSFC decided to pursue a merger with Sunderland College which left HCFE remaining standalone.

Ofsted last inspected HCFE in March 2017, they achieved a good overall rating with outstanding grades in personal development, behaviour and welfare and apprenticeships.

The college's financial record (FR) for 2017/18, submitted in December 2018, was graded inadequate. As a result a, Notice to Improve (NTI) was issued in April 2019 and they moved into formal intervention. The college was referred to the FE Commissioner for an intervention assessment which took place in June 2019. The recommendations included an independent review of governance at the college, development of a financial recovery plan and governors leading on setting a future strategy for the college. Progress

² This report covers instances where the FE Commissioner and her team formally intervene at a college. The triggers that may lead to intervention by the FE Commissioner and her team are set out in the [College Oversight Support and Intervention policy document](#).

towards the recommendations in the report and the conditions in the NTI were monitored by ESFA via regular case conferences, monthly management accounts and observing board meetings. The FE Commissioner's team also completed virtual stocktake visits in September 2020 and April 2021.

Since their FR submissions for 2018/19, the college has continued to record good financial health supported by the development of good management controls and systems. The independent review of governance was completed in December 2019 and, during the last academic year, 6 new independent governors have been appointed. An experienced board member took over as interim chair in October 2020 and her contribution to the pace of change and level of improvements to the board has been acknowledged by the FE Commissioner in the follow-up report. She agreed to remain in place to support succession planning for governors with a new chair taking over from January 2022. The college has maintained high standards of teaching and learning despite the financial challenges it faced and those presented by COVID-19, evidenced by student outcomes and positive student survey results.

Case Study: Birmingham Metropolitan College

Prior to 2015, Birmingham Metropolitan College appeared to have built a robust business model, with a good financial health position, significant cash reserves, and an Ofsted rating of good. However, in 2015, income fell due to a combination of demographic changes and inability of the college to retain market share, and changes in government priorities for adult skills funding. A new leadership team with limited sector experience was in place and several funding eligibility and income forecasting issues surfaced which depleted the college's cash reserves and resulted in a significant deficit. The college was also judged by Ofsted as requires improvement.

The college was placed into formal intervention in July 2015. The FE Commissioner's team made several visits to the college over a 6-year period, making recommendations and working to support the college, helping to strengthen governance and leadership and progress improvements both in the college finances and quality of provision. This included supporting new appointments, and a structure and prospects appraisal leading to the demerger of provision across the Black Country and the closure of the Stourbridge site.

The college was also supported by ESFA territorial teams, who held formal monthly case conferences, holding the leadership team to account and monitoring risks and progress against all ongoing improvement actions, including the recommendations made by the FE Commissioner team. In May 2021, the college was signed off by the FE Commissioner with no new recommendations, and it was removed from formal intervention by ESFA in June 2021, having satisfied the conditions of its Financial Notice to Improve. The FE Commissioner's team and ESFA will continue to maintain regular contact with the college to provide post-intervention phase support and challenge.

Case Study: Moulton College

Moulton College is a small to medium size specialist land-based college located near Northampton. It has been in formal intervention since its referral by ESFA in February 2017 due to a financial health score of inadequate for 2015/16. The intervention focus was extended to include the quality of provision following the outcome of the Ofsted inspection in March 2018, which resulted in an overall grade of Inadequate. A further inadequate grade was determined by Ofsted at a visit in April 2019.

A new Principal and Chief Executive was appointed in the Autumn of 2019. The principal's dynamic and inspirational leadership coupled with the positive, open, and close working relationship with the FE Commissioner team helped to rapidly introduce and consolidate improvements both in financial performance and curriculum and quality. The college has responded positively and swiftly to all engagement and recommendations from the FE Commissioner and ESFA teams.

Leadership and governance have been transformational during this period and these positive changes have impacted on the student experience and outcomes as well as financial recovery. The chair of governors has led the board and its development very effectively and actively supported the senior leadership team in implementing FE Commissioner recommendations. Governors desire to further develop resulted in undertaking an external review of governance which was found to be very beneficial.

The college reputation in the community and locality has improved significantly during this time which has reflected in the significant student growth achieved during the past 2 years. This growth coupled with excellent budget management and control and timely and well managed sale of non-educational assets has stabilised and improved the college finances.

The relentless focus on improving the experience and outcomes for students during this challenging period has resulted in an Ofsted Inspection in November 2021 determining the college as Good for overall effectiveness. This is a rapid and hugely successful turnaround of a college in a relatively short period of time without requiring exceptional funding support.

National Leaders of Further Education, National Leaders of Governance, the Principals' Reference Group and the College Collaboration Fund

National Leaders of Further Education and National Leaders of Governance

National Leaders of Further Education (NLFEs) are serving college leaders who have a strong track record of delivering improvement – both at their own colleges and in working with others.

National Leaders of Governance (NLGs) are experienced college governors and governance professionals/clerks with a strong record of supporting college improvement.

Both NLFEs and NLGs provide mentoring and peer to peer support to other colleges on a range of issues, as well as helping to share best practice. This support continued during the COVID-19 pandemic.

- as of July 2021, NLFEs and NLGs were supporting 40 principals, CEOs and governing bodies
- in total, NLFEs and NLGs have worked with over 100 principals, CEOs and governing bodies since this initiative was introduced in 2018

There are currently 10 NLFEs and 8 NLGs. More information and details of current [NLFEs](#) and [NLGs](#) is available on GOV.UK.

Principals' Reference Group

The Principals' Reference Group (PRG) is made up of 7 serving college principals/CEOs. The group supports, challenges, and advises the FE Commissioner in her role of improving performance in further education colleges, and contributes to policy development for colleges in the further education sector.

The PRG met 9 times during the 2020 to 2021 reporting period and has advised civil servants on a range of topics including proposed government reforms to further education, the further education workforce, tackling sexual abuse in colleges, the Armed Forces Covenant, and how best to support colleges to deal with the impact of COVID-19.



College collaboration fund

The College Collaboration Fund (CCF) is a national programme of competitive grant funding for all statutory further education providers, designed to enable colleges to collaborate and share good practice and expertise to address common quality improvement priorities. The fund builds on the previous round and the Strategic College Improvement Fund (SCIF).

The department was able to launch a second round of the College Collaboration Fund following on from the success of last year. 18 projects have been successful in bidding for up to £500,000 each from this year's £5.4m fund.

This funding enables colleges to work with each other to share good practice and address common improvement needs. Projects are also producing a range of resources and learning that are being shared with the rest of further education colleges and the wider education sector. [Further information](#), including the list of successful colleges, can be found on the GOV.UK.

Active support

Earlier this year, we announced a new package of support, known as ‘Active Support’, where we will take a more proactive and preventative approach to identifying and supporting colleges.

Under the changes, we will remove the ‘early intervention’ category and some of the restrictions around support that currently entails. As part of this broader offer, we will run a pilot where any college will be able to request expert help and support from the FE Commissioner through a diagnostic assessment – a process that was previously only open to colleges where a new principal had been appointed – helping all colleges to proactively request assistance much earlier, where that may be helpful. There will also be increased support available from peer leaders through the National Leaders of Further Education and of Governance programmes, through access to Local Provision Reviews, and FE Commissioner-led structure and prospects appraisals.

The new suite of measures, and change of approach, delivers on the Dame Mary Ney report recommendations and will mean a significant shift in the work of both ESFA and the FE Commissioner to build more supportive relationships with all colleges. This change in approach also supports the proposals shared through the Funding and Accountability Consultation.

As part of this new way of working, we have been looking at ways to recognise and promote good practice. After an extensive period of consultation, we have now published the good practice guide on college management accounts. This can be found on the [college management accounts and good practice guide GOV.UK page](#). The guide was launched in July at 2 well-attended events hosted by the Association of Colleges and the Sixth-Form Colleges Association. The purpose of the guide is to set out the key principles of good practice to support the sector to improve the consistency, quality, and effectiveness of in-year reporting of financial performance. College finance directors/chief finance officers will periodically review the format and content of their management accounts and consult governors and senior leaders on whether they meet their needs.

In addition, the Education and Training Foundation is funded by the Department for Education to provide a range of training programmes, mentoring, and coaching support for college CEOs, CFOs, Middle Managers, Chairs, Governors and Governance Professionals. The programmes are delivered by partners such as the Oxford Said Business School and the Institute of Directors. They aim to develop skills and confidence to enhance the value that participants add to their institutions’ performance and long-term resilience. As signalled in the Skills for Jobs white paper, we strongly encourage people in those roles to take advantage of training and support.

Curriculum efficiency and financial sustainability

As part of our package of Active Support, a new Curriculum Efficiency and Financial Sustainability (CEFS) support programme was piloted in 7 colleges. For the first time, colleges were offered hands-on help via a partnership with members of the FE Commissioner's team offering support alongside a peer mentor from the National Leaders of Further Education. Together, they shared best practice, informed improvements in the curriculum planning process and identified opportunities to improve efficiencies and financial sustainability.

An unpublished action plan with recommended next steps was developed with each college to aid implementation. Colleges had full discretion about which, if any, of the recommended actions they wished to take forward. Subsequent check-ins and/or continued peer-to-peer support was extended to further embed the support as needed. A robust evaluation with all participants is taking place during December and January. As we evaluate the success of the CEFS pilots, we are keen to learn about good practice from across the sector and where improvements can be made. To share your examples of good practice in curriculum planning or financial planning, including case studies or resources to share with colleagues across the sector, please email FEC.OPERATIONS@education.gov.uk.

Case Study: Hull College

Hull College is a medium sized general further education college located in the East Riding of Yorkshire. Despite having a well-established curriculum purchase model in place, the leadership team were keen to engage in the Curriculum Efficiency and Financial Sustainability (CEFS) pilot to explore scope to improve EBITDA performance and achieve the FE Commissioner benchmark for pay costs as a percentage of turnover.

Deputy FE Commissioner Andrew Tyley, with support from Dudley College, worked in partnership with Hull College over a 2 month period to share best practice, inform improvements in the curriculum planning process and identify opportunities to improve financial sustainability, without compromising quality of provision and/or risking further contraction in student numbers.

The pilot was completed during summer 2021, culminating in an action plan reported to the Hull College Corporation. The CEFS pilot confirmed that many aspects of the college's curriculum planning process reflect good practice, and identified a number of suggested actions, in particular the need to:

- manage down historically high rates of attrition for full-time students prior to day 42
- address comparatively high levels of expenditure on back-office management and support functions

The college has responded swiftly to the priority actions suggested in the CEFS report. Concerted actions have been taken to improve student retention in the autumn term, helping the college to meet its funding target for 16 to 19 study programmes. Alongside this, the college has revised its budget for the current year to reflect more ambitious

savings in pay and non-pay expenditure and improve EBITDA performance to 5% of turnover, increasing the prospects for a return to good financial health in 2021 to 2022.

“Participation in the CEFS pilot has been a useful opportunity to delve deeply into curriculum modelling, college services and our financial operating model. Learning from this has enabled strategic review resulting in revised approaches towards some of the college’s core functions such as our arrangements for employer engagement and MIS services” – Lynette Leith, Vice Principal Curriculum



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