



Department
for Education

Mr Tony Jefferson
Chair of Corporation
Stratford-upon-Avon College
The Willows North
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5 June 2014

Dear Mr Jefferson,

FE Commissioner Assessment of Stratford College

I am writing to let you know about the government's view of your College's position in light of the FE Commissioner's review, and to invite you to confirm the actions your college will now take in response to the concerns raised.

As you are aware, in light of the Skills Funding Agency's assessment of the College's financial health as inadequate I asked the FE Commissioner to review the position of your College in line with the intervention policy set out in *Rigour and Responsiveness in Skills* (April 2013). The FE Commissioner completed his assessment on 16 May 2014.

I have now received the FE Commissioner's assessment – a summary of which is attached – which includes a set of recommendations. I have accepted these recommendations. The summary, and my letter to you, will be published on www.gov.uk following receipt of your response to this letter.

As you will see, while the College has made some progress in delivering the necessary quality and financial improvements the assessment identifies serious weaknesses in the governance arrangements. Strong governance is vital to a college's success. Governors are responsible for the strategic oversight of the college, and in holding the Principal and executive to account for delivery. They are also guardians of public money, ensuring its effective and efficient use. It is essential that the governing body has the skills and experience necessary to fulfil these responsibilities, and that it follows best practice in how it governs.



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Changes to the composition and clerking arrangements of the governing body are therefore urgently needed to ensure it has the right skills and experiences, and I welcome the early steps the governing body has taken to address this. Under your leadership, the governing body also needs to ensure the College leadership has the necessary capacity to deliver the significant changes needed to secure its long-term future.

It is essential that the governance of Stratford-upon-Avon College recognises these weaknesses and understands the need for swift action to protect learners and ensure efficient use of public funding. Therefore can you please confirm in writing, within two weeks from the date of this letter, what action you will take to address the weaknesses to the existing governance and the points made about the leadership, and the timetable for doing this.

If you have any questions about the FE Commissioner's assessment or this letter my officials will be happy to meet with you to discuss. Please contact Michael Kilduff (Michael.kilduff@sfa.bis.gov.uk) in the first instance.

A handwritten signature in black ink, appearing to read 'Matthew Hancock', with a decorative flourish extending to the right.

MATTHEW HANCOCK MP

Further Education Commissioner
Assessment Report: Summary and Recommendations
Stratford upon Avon College

Background

1. Following the notification by the Skills Funding Agency that Stratford-upon-Avon College had been assessed as inadequate for financial health, the Minister for Skills and Enterprise decided that the FE Commissioner should assess the position of the college in line with the government's intervention policy set out in *Rigour and Responsiveness in Skills*.
2. The FE Commissioner conducted his assessment between 6th May and 16th May 2014. He assessed: the capacity and capability of the College's leadership and governance to secure a sustained financial recovery within an acceptable timetable; any actions that should be taken to deliver sustained financial recovery within an agreed timetable (considering the range of interventions set out in *Rigour and Responsiveness in Skills*); and how and when progress should be monitored and reviewed taking into account the Agency's regular monitoring arrangements.

The Role, Composition and Activities of the Board

3. Currently, the Corporation comprises 10 governors, including the Principal of the College and two staff governors. Changes to the Board's current membership are in progress and the governance arrangements in the College are being reviewed. Most of the existing Board members were present during the period in which the college was running up significant deficits and failed to challenge adequately the then management team on its performance.
4. Some recent practices of the board are also questionable e.g. the decision to confirm the acting Principal in post as a permanent appointment without a competitive process and the move to disallow staff and students to vote for their representation on the board by replacing the present arrangements with a nomination/interview requirement. In the former case, the decision led to governor resignations on a point of principle.
5. The board needs new membership drawn in particular from the active business community
6. Clerking arrangements are expensive and the service currently offered is not appropriate to a modern high performing board. There is no appraisal of governor performance, a quality improvement plan for governance drawn up last year has neither been implemented nor reviewed, governor training from induction to ongoing support is minimal; there is currently no dashboard of performance indicators to enable the board to review the

college's performance against its peers and there are no formal links with other boards elsewhere in the sector.

7. Within the college, links with the curriculum areas, staff and students are significantly underdeveloped as compared to what would be considered normal elsewhere and inevitably hamper the board in its ability to perform its duties.

The Senior Management Team

8. Over the past year, the College has put in place a completely new management team that is beginning to tackle the not inconsiderable problems that the college is facing. Apart from the obvious financial difficulties, there has been insufficient attention to quality improvement within the institution for a number of years and relationships with other organisations in the area have also been largely neglected.
9. The new Principal has set about addressing these issues with enthusiasm and flair and engendered the support of staff and stakeholders alike. There is a very positive response from both within and outside the college to what has recently been achieved and to the transparent and open way that now characterises its leadership and management. This is in the context of a major restructuring and the loss of forty plus posts.
10. Nevertheless the scale of the task should not be underestimated and the question still remains as to whether Stratford-upon-Avon College has an independent long term future. Although the new management team is doing the right things it is not yet clear that they are enough to safeguard the future of an organization with less than £14m of funding, over £2.4m of which comes from the international market. The success rates for 2013/14 and the enrolment figures for September 2014 will be important indicators as to the likelihood of the college maintaining an independent future.

The Quality of Provision

11. The College was inspected in October 2013 and was found to be requiring improvement in overall effectiveness, outcomes for learners, the quality of teaching, learning and assessment and the effectiveness of leadership and management. Ofsted concluded that too many students do not make sufficient progress, the quality of teaching and learning is not consistently good enough and quality assurance is not sufficiently robust in helping learners achieve their full potential. Teachers did not promote equality and diversity sufficiently in their lessons and provision in visual arts was inadequate.
12. On the positive side the inspectors recognized that the majority of learners achieve their learning goals, apprenticeship programmes and part-time provision for 14-16 year olds have high success rates and provision in hospitality and catering is good. Furthermore the college

provided a very welcoming, safe and friendly environment for students. The inspectors also noted that students of minority ethnic heritage and those with learning difficulties and/or disabilities achieved in line with the average for the college.

The Financial Position

13. In summary, the College is in a weak financial position. It has posted operating deficits for each of the last five financial years and its financial health has been graded as 'inadequate' by the Skills Funding Agency since 2011/12.
14. As the scale of the loss for 2012/13 emerged (and coupled with the Agency's existing reservations), a new recovery plan was required by the Agency in January 2014. The plan that has now been revised is based on more realistic assumptions. The key element of the plan is a staff restructuring (which is currently underway), which seeks to reduce the College's staffing by around 40 full time equivalents, saving £1.2m per annum.
15. The implementation of the plan is monitored by the Executive on a weekly basis, whilst the day-to-day responsibility rests with the Deputy Principal for operational issues and the Assistant Principal for Finance and Corporate Services (APFCS) for financial matters. Progress is reported to the Finance and Resources Committee as part of the financial update/management accounting report.
16. The College has modelled three financial forecasts for 2014/15 and 2015/16 based on different scenarios. The most likely scenarios show the college returning to a position of having an in year a surplus of income over expenditure next year.
17. As would be expected of a college of Stratford-upon-Avon's size, the College's finance team is relatively small. Nevertheless, it has around the level of resources that might be expected and two of the five staff are qualified accountants. There is no evidence to suggest that the team is unable to provide an effective finance service.

Views of Stakeholders

18. In the course of the assessment discussions were held with a variety of stakeholders, including the LEP, local employers, a head teacher, Stratford-upon-Avon District Council, Warwickshire County Council and Lloyds Bank (the college bankers). All expressed very positive support for the new management team and the efforts that they were making to engage with all parts of the community.
19. In summary they felt that the new Principal was "a breath of fresh air" and there was much more willingness from all parts of the college to engage

collaboratively with partners. The local authority were particularly supportive of the college's continuing programmes at pre-entry and entry level, which had previously been under threat, and of the contribution being made to the 14-16 agenda. For the LEP the curriculum was being aligned closely with its skills strategy and for employers apprenticeship provision was both responsive and relevant to each company's needs. It was recognised that this had not always been the case previously.

Conclusions

20. The new management team, though relatively inexperienced, has set about addressing the significant problems that Stratford-upon-Avon faces in a methodical and professional way. Relationships with local stakeholders have been improved and there is confidence at all levels of the organization in their ability to turn the college around.
21. There is less support, however, for the governing body, whose membership is largely the same as it was when the college was getting into difficulty. There is a relative absence of current business governors amongst the membership and a lack of relevant expertise in some key areas. Significant change will be needed to support and challenge the senior management team as they take the college forward.
22. Although there are signs that the financial recovery plan is working, there is still a question mark over the long term viability of the college as an independent institution. The results of many of this year's actions will be clearer in the autumn when a monitoring visit by the commissioner will consider whether the existing management team is able to deliver the improvements in quality and budgets without further assistance or whether additional action is necessary

Recommendations

- 1. The Board needs to be significantly refreshed with a majority of new members**
- 2. A training programme for Board members should be provided that looks at how high performing college Boards operate. The lessons from elsewhere should then be implemented.**
- 3. Clerking arrangements need to be improved and the cost of clerking reduced.**
- 4. The Principal needs additional capacity, and would benefit from being mentored by an experienced Principal.**
- 5. Progress towards quality improvement and financial recovery should be reviewed in autumn when the outturns for 2013/14 and the initial enrolment numbers for 2014/15 are known. If insufficient progress has been made in these areas, a Structure and Prospects Appraisal should be carried out.**