

**FURTHER EDUCATION  
COMMISSIONER ASSESSMENT  
SUMMARY**

New College Nottingham

FEBRUARY 2015

# Assessment

## Background

1) New College Nottingham (NCN) is a large General FE College with five sites across the city. Historically, NCN has concentrated on tertiary education for 16-18 year olds. The volume of apprentices has increased in recent years but numbers are relatively low. It has approximately 20,000 learners overall, with about 1,500 apprentices. The college is one of five founder members of the Gazelle Group. Provision is offered in a broad range of academic and vocational subjects from entry level to level five.

2) The College was issued with a Notice of Concern on 15 December 2014 following a judgment of inadequate financial health based on its 2013/14 forecast and expected outturn. The College has delivered a significant operating deficit subsequent to the closure of the Nottingham Motor Company, withdrawal from overseas investment, increased partnership activity and additional staff costs. In addition the college's financial statements have yet to be signed off by their auditors, KPMG, because of going concern issues over the next 12 months.

3) Following the Skill's Funding Agency's notification, the Minister for Skills 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*'.

4) The FE Commissioner's report is intended to advise the Minister and the Chief Executive of the Funding Agencies on

- a) The capacity and capability of New College Nottingham's leadership and governance to deliver quality improvement within an agreed timeframe
- b) Any action that should be taken by the Minister and/or the Chief Executive of the funding agencies to ensure the delivery of quality improvement and financial recovery (considering the suite of interventions set out in '*Rigour and Responsiveness in Skills*') and
- c) How progress should be monitored and reviewed, taking into account the Agency's regular monitoring arrangements

## Assessment methodology

5) The assessment was carried out during the period 9<sup>th</sup> February to 13<sup>th</sup> February 2015. It consisted of a consideration of briefing documents provided by the Skills Funding Agency and the Education Funding Agency, examination of the inspection reports of the College and the actions that have been taken since, an analysis of the College's accounts and interviews with staff, students, trade union representatives and stakeholders. In addition the FE Commissioner and Advisers attended a meeting of the Corporation and of the Board's Excellence Committee

## **The Role, Composition and Activities of the Board**

6) Over the past few years, the Board has been operating a Carver style model of governance but in 13/14 it was not maintaining the momentum of monthly meetings. Alongside this Carver model, three informal committees were operating - Excellence, Employability and Enterprise - but their effectiveness was reviewed in October 2014 and found to be unsatisfactory. New arrangements are being put in place.

7) Board members also receive a monthly Business Report from the Principal. Data and targets however, are unclear in a document which lacks clarity and is text heavy. The College is not producing an easy to assimilate monthly dashboard and there is virtually no use of benchmarking. It is difficult to see, therefore, how Board members are able to monitor and challenge underperformance on this basis.

8) Overall the Board has not performed well over recent years and has failed to challenge the previous Principal in his plans to move beyond the college's core business without an appropriate cost benefit analyses of new proposals or adequate risk management. The result has been a significant and largely unnecessary budget deficit. Lessons have been learned and new improved arrangements are now in place, including the addition of new, well qualified governors, although further changes, including more frequent meetings will be necessary if an acceptable level of performance is to be achieved.

### **Clerk to the Corporation**

9) The Board has had an experienced, independent Clerk, who resigned in February 2015. Overall the minutes are highly descriptive and do not record the questions asked by Board.

### **The Senior Leadership Team**

10) The Executive team consists of the Principal, Deputy Principal Delivery, Vice Principal Finance and Funding, Vice Principal Commercial and Recruitment, and the Executive Director of Human Resources. The Clerk to the Corporation also attends senior leadership team meetings.

11) This senior team has not been stable for the past 3 years, with the previous Principal being in post for less than two years and then interim Principal arrangements being in place until September 2014. The Deputy Principal role was also only established in September 2014. There has been additional movement in Management Information Systems and Corporate Services personnel. The Vice Principal Finance and Funding post is currently interim. These changes have created significant instability and a growing lack of confidence from staff and wider stakeholders.

12) Recent restructures have occurred annually increasing the levels of discontinuity in line management. However, the three new Assistant Principals (appointed in September 2014)

are clear on their priorities for quality improvement and feel that interventions are more timely. They are impeded, however, by very poor IT systems and data availability.

13) Members of staff are disappointed with and critical of the very short tenure of the previous Principal and of the Board's failure to prevent the current financial crisis. Whilst they feel that the current leadership is 'more sensible', they do hold some senior team members responsible for the part they played previously in the undertaking of high risk external ventures.

14) Overall, however, staff feel that the senior team now appear to be more 'grounded' and the atmosphere is changing. They can see the outcomes of 'learning from mistakes' and there are clearer expectations of what is needed for any development of new projects. Staff members recognise the 'back to basics' focus on the core business of provision for Nottingham learners and employers as the way forward. This approach will need to be maintained.

### **Quality Improvement**

15) The College was inspected by Ofsted in May 2014 and judged as Grade 3 (Requires Improvement) for Overall Effectiveness. This was the same judgement that had been made in January 2013

16) The self-assessment report presents an accurate and critical summary of the College's performance for 2013/14. However, success rates are reported at headline level with little disaggregation to facilitate identification of areas of concern. National benchmarks at SSA aggregation are included. Too much provision remains below national benchmarks, with only three out of fourteen SSAs being above benchmark. However, there has been progress since 2012/13 and success rates have improved in ten of the fourteen SSAs where the college offers provision.

17) Many of the components of an effective quality system are now in place, several of which have been introduced for 2014/15 with renewed cross college standards. The College has re-energised its Observation of Teaching and Learning Scheme with a new, dedicated post holder to lead the process.

18) Performance Management has similarly been strengthened during 2013/14 with capability procedures impacting where no improvements are evidenced. There has been an effective programme of training for managers and the majority of managers are now evidencing improved skills. There is a strong emphasis on sickness monitoring and overall levels remain below AOC averages.

19) A Level performance remains a challenge. Success rates remain unacceptably low and value-added is poor for too many subjects. No detailed improvement plans appear to have been considered by the Board.

20) Whilst learners felt safe in College and confirmed that both poor attendance and poor learner behaviour were immediately actioned by the College, some of those interviewed were less satisfied with their learning programme. Concerns related to some poor teaching, a lack of assignment planning and preparation and inadequate feedback to enable learners to know their progress.

21) Retention rates are high at 97% but achievement remains a priority for improvement. Where success rates were low in 2013/14, it was primarily a factor of achievement rather than retention. Assessment boards in which managers formally track learner progress against expectations are now in place, although inadequate systems restrict easy access to this data.

22) There are challenges with much of the estate, which in many areas is no longer fit for purpose. One site was closed this year for a whole week whilst major power issues were remedied, directly impacting on learning. The Basford Hall campus, however, is being rebuilt and there are further plans for estate rationalisation.

## **Finance**

23) During its recent history in each year since 2006/07, the College had delivered an underlying surplus until 2013/14 when it recorded a significant deficit, the magnitude of which was not anticipated by the Senior Management Team and not communicated to Governors. There were a number of reasons for this deterioration in the college's financial position but the key ones were the expansionist policy of the previous Principal, which involved diversification into a number of unprofitable non-core activities and the lack of planning and appropriate control by the then Deputy Principal Finance and Resources.

24) In 2014/15, since the arrival of a new Interim Vice Principal responsible for Finance, the evidence suggests that the College has regained financial control and at the midway point in the year it is forecasting a position close to break even. The College has now decided to concentrate on its core business and has withdrawn from its peripheral non-core activities, all of which were started under previous Principals. The College's Financial Recovery Plan which includes forecasts for the two years beyond 2014/15 now shows an improvement in Financial health to 'satisfactory' in 2015/16 and 'good' in 2016/17. However, the college needs to recognise that given its poor track record in producing accurate forecasts, it does need to monitor the plan closely, especially given the financial implications associated with the capital changes required for Basford Hall.

## **Views of Stakeholders**

25) In the course of the assessment a number of key stakeholders were interviewed both with regard to the issues faced by New College Nottingham and the broader picture of vocational provision in the area.

26) In general there was a clear view that the two main colleges (New College Nottingham and Central College Nottingham) could do more to deliver an offer which more effectively meets the needs of the city's learners and employers. Central College Nottingham have expressed a willingness to collaborate on a review of provision in the area, led by the FE Commissioner, to facilitate work to provide a better offer and secure greater value for money.

## **Conclusions**

27) New College Nottingham has a number of challenges, following a period in which mistakes were made in pursuing schemes that went far beyond the college's core business and which created significant financial difficulties. The Board was too willing to accept the enthusiasm of the previous Principal without undertaking an appropriate cost benefit or risk analysis of new projects, with the result that a number of loss making activities drove the college into deficit.

28) Some inappropriate accounting practices also presented a much rosier picture than the reality and the Board committed the college to a new build at Basford Hall without having the necessary funds in place. This was a serious error which board members admit has created much of the present difficulty.

29) Both the Estate and the IT infrastructure are no longer fit for purpose across many areas of the current campuses. Whilst plans are in train complete the Basford Hall project, other sites have restricted room sizes and a poor IT infrastructure which is limiting the development of ILT and of online learning.

30) There are signs that the new Principal and senior management team are beginning to address these issues but there is a widespread view amongst key stakeholders that it would be possible to improve the offer in the city and in doing so, deliver better value for money and an improvement in quality. Nottingham has a major need for regeneration and the further education sector can have a major role to play in supporting the revitalisation of the city.

31) While it is important that New College Nottingham continues to address the issues it faces by delivering a well thought out recovery plan and an improved quality offer, the time would seem to be right for a look at a more radical long term solution for the city more widely.

# Recommendations from Further Education Commissioner

## Recommendations

1. The Corporation must ensure that the membership, structure and roles of the Board and its committees result in improvements for learners and better financial performance. More frequent meetings, greater visibility of board members around the college and regular scrutiny of key performance measures against national benchmarks are all necessary to ensure that there is much improved monitoring and challenge.
2. The Chair of Audit should be a governor.
3. The senior team needs to strengthen its skills set so that it can effectively review the outcomes from the college's quality systems and ensure that rapid intervention can take place where variances become evident. Immediate improvements are required to the recording of minutes, actions taken and the updating of plans to demonstrate that progress is being made.
4. The current data systems are failing to provide accurate and timely information to improve the learner experience and outcomes. Senior managers should prioritise their improvement as a matter of urgency.
5. The College should undertake a full review of its estate to assess its present and future accommodation needs.
6. The efficiency measures identified in the recovery plan need to be delivered in full and staff contracts brought into line with sector norms at the earliest opportunity.
7. Every effort should be made by all those involved to ensure that the Basford Hall campus rebuild opens on time and on budget.
8. A city wide needs led review of vocational education should be undertaken by the Further Education Commissioner to consider opportunities for improving value for money and delivering better outcomes for learners and employers in the area.
9. The Further Education Commissioner will continue to monitor progress and will carry out a Stocktake Assessment to monitor the capacity and capability of governance and leadership arrangements following the outcomes of the review.

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