Further Education Commissioner assessment summary

Canterbury College

September 2016

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Assessment

Background

Canterbury is one of the most visited cities in the UK and highly dependent on tourism. However it is ranked the 8th most deprived of the 12 districts in Kent, and 183 out of the 326 English local authorities.

Canterbury College

Canterbury College was formed in 1947 (then known as Canterbury Technical College) and has remained a standalone general Further Education College in Kent. The College is based in Canterbury city centre with good transport links for students.

The College has 2 main existing sites:

Canterbury Campus - This is the main college campus which offers a wide range of Further Education courses and professional courses, as well as HE provision and Apprenticeships. The campus did offer a range of A levels but new courses have since been discontinued.

Swale Campus - Based in Sheerness, the Swale campus offers a range of courses including Apprenticeships and Further Education in subjects such as Beauty, Business, Computing, Health and Social Care and Public Services.

Following notification by the Skills Funding Agency (SFA) that there had been a significant deterioration in the finances of Canterbury College, 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.

The FE Commissioner's report is intended to advise the Minister and the Chief Executives of the funding agencies on;

a) The capacity and capability of the college's leadership and governance to secure a sustained financial recovery within an acceptable timetable

b) Any actions that should be taken to deliver a sustained financial recovery within an agreed timetable (considering the range of interventions set out in Rigour and Responsiveness in Skills) and

c) How and when progress should be monitored and reviewed taking into account the Agency's regular monitoring arrangements

Assessment Methodology

The FE Commissioner, supported by two FE Advisers, carried out the assessment during the period September 26th–30th, including three days on site at the College. The Commissioner received in advance extensive briefing information provided by the Skills Funding Agency and the Education Funding Agency, as well as information provided by the College. The Commissioner and his Advisers interviewed the Chair of the Corporation, the Chair of Finance and Audit; the Clerk, the Interim Principal, members of the Executive team, managers, staff and students.

The Role, Composition and Activities of the Board

The Board has a number of longstanding members whose commitment to the college cannot be doubted but whose skills as a whole have been insufficient to carry out their duties effectively.

Overall, the Board has failed to hold the previous senior management team to account – accepting three consecutive Ofsted 'Requires Improvement' outcomes without serious challenge and being unaware until recently of the true financial position of the college. They were too trusting in the Principal and Vice Principal Finance without having the checks and balances in place to ensure that they had the full picture of what was happening.

Furthermore the internal auditors did not give the Board the comfort they might have expected and have been largely ineffectual in enabling the college to know how it might improve. Systems within the college are generally weak and basic practices inconsistent. A risk based assessment should be undertaken to ensure that the internal auditors are directed to those areas that need most attention.

The Board should also establish an effective links programme, in which all the members participate, to ensure that there is a more detailed understanding of the teaching and learning and support areas of the college. In particular Board members should become more closely involved with the college's self-assessment process and the Chair of Finance should have regular (termly) meetings with finance staff to understand the college's true financial position. Each Board meeting should also receive a dashboard of appropriate KPIs that allow judgements to be made of progress against targets

Notwithstanding the above, since the Board became aware of the seriousness of the college's financial situation, they have acted decisively and are to be congratulated on their willingness to involve a successful neighbouring college in addressing their problems. The college has embarked on a route of collaboration and partnership that has enabled the senior management team from East Kent College to assume responsibility for many aspects of the college's management and which in due course is intended to lead to a merger.

The Clerk to the Corporation

Clerking arrangements at the college have been relatively passive, with little evidence of active support for the corporation in carrying out its duties. Administrative duties have been competently carried out but the wider aspects of effective clerking appear to be missing. A Corporation Clerk, for example, should undertake a full skills audit of Board members on a regular basis and recommend any changes that might be necessary to address gaps.

There is little evidence either of training and development for Board members in, for example, the carrying out of appraisals of senior managers or of the establishment of an effective link programme of governors with curriculum and support areas. Some information was also not made available in a timely manner. Quality Data for 14/15, for example, was not presented to the board's sub-Committee until June 2016.

The result has been a Board that has been largely taken by surprise as to the state of the college when the financial and other difficulties emerged.

The Senior Management Team

The College has got itself into a very difficult financial situation, requiring cash support from the SFA. This has been the result of a failure to control costs, in response to declining income over a number of years. This has been caused by weaknesses in financial controls and procedures including, over optimistic budget assumptions for both income and costs, poor budget practice which did not allocate resources according to a clear curriculum plan and inadequate monitoring of financial performance. The Corporation were too trusting of the Principal and Vice Principal, Finance and failed to realise, or challenge the fact, that budgets were set centrally by an individual who was too optimistic and who did not communicate effectively with budget holders.

The former senior leadership team were described by staff during the visit as being “petrified into dysfunction” and the Principal as ‘controlling and dictatorial’. If Board members had been closer to the managers and staff of the college they would have recognised these tendencies and would have been in a position to take decisive action sooner.

The more recent involvement of senior staff from East Kent College, however, has transformed the atmosphere within the college and the openness and transparency with which the college’s present position and necessary actions has been displayed has been widely welcomed by staff. While recognising that there will be difficult times ahead staff are clear that radical change is needed.

Finance

The College financial health has declined from Outstanding in 2011/12 to Good in 2012/13 and to Inadequate in 2014/15. The College has built up long term loans over a number of years, which now leave the college with an annual debt servicing commitment it cannot currently afford.

This is largely due to the fact that the College committed to a capital project in 2014, requiring a major cash investment from the College, as no further loan finance was available. This depleted its cash reserve and therefore removed its resilience to unexpected events. When this decision was made, the Corporation were aware that they were being ‘bold’ in their decision to proceed, at a time when they knew that finances were going to become more difficult due to government cuts. It was this ‘boldness’ that ultimately made the financial crisis inevitable.

Concern about the future was justified and 2015/16 proved to be a very difficult year, with the College reporting a significant deficit. After many months struggling to pay its creditors, the College finally ran out of cash in July 2016 and had to be supported by the SFA in order to pay the July 2016 salaries. By then the College had been judged financially Inadequate, and a Notice of Concern issued. It is clear that the College’s Risk Management procedures were ineffectual in identifying areas of greatest risk and that the Corporation failed to seek assurance about the system of budgetary and financial control, which may have prevented the current financial situation from developing.

In general the College has been able to replace the reduction in SFA funding over the years with increases in other income, most significantly in tuition fees. However, expenditure has continued to increase, removing the surplus. Staff costs have risen significantly over the period to a level which is above sector norms.

In its analysis of its problems the College has summarised the areas of financial weakness as follows

- No centralised way of measuring staff utilisation, therefore it is difficult to ensure teaching staff are being deployed effectively;
- Lack of visibility over purchase ordering / expenditure commitments – due to archaic paper-based purchase ordering system;
- Lack of knowledge of, or monitoring over, each department's income levels and therefore their relative contributions;
- No real time information for budget holders to be able to see their I&E plus commitments – they have to wait for a monthly report once the management accounts have been prepared;
- Budgeting has been prepared top down, by an individual who was far too over-optimistic. Budget setting should be an iterative process with draft budgets being discussed between budget holders and Finance before being presented as a final version;
- Lack of realistic profiling, and therefore no real idea of the monthly cash needs of the College;
- Insufficient communication between Finance team and the rest of the College management team. Budget setting needs to much more closely involve managers at all levels of the college;
- Insufficient challenge by Governors;
- A Combined Audit and Finance Committee;
- A change of the MI system that meant that tuition fees were not being collected in a timely manner.
- No culture of money saving / Value for Money;
- No formalised budget setting and monitoring
- Significant overdue trade creditor balances. Delays in paying suppliers leading to stopped accounts and extra strain on resources;
- Lack of ongoing monitoring of audit recommendations by the Audit Committee.

A Recovery Plan has now been prepared by the College to address these concerns.
If the Plan is implemented successfully, then the College will return to Good financial health, despite its extremely high levels of borrowing, although not until 2019-20.
A particular strength is that the income assumptions are generally modest and no attempt has been made to achieve recovery by optimistic growth assumptions. Non-pay costs assumptions are also sensible.

Like any forecast there are delivery risks and these need to be carefully monitored. The key risk is the achievement of the very significant staff cost savings that are needed but the analysis has shown that this has been well thought through and carefully planned by the new management team. Significant progress has already been made towards the target. This, however, needs to be closely monitored by the Senior Team, the Corporation and the SFA through its monthly case conferences.

Quality Improvement

The College was inspected May 2015 and was graded as 'Requires Improvement' for the Quality of Teaching and Learning and Assessment, Effectiveness of Leadership and Management, and Outcomes for Learners. The College had previously been inspected in February 2012 and November 2013 and had been graded as "Requires Improvement" in all of the main aspects on both occasions.

A support and challenge visit took place in November 2015 and recognised that some actions had been taken to address attendance issues but that these were inconsistent in subject areas. The visit also commended the quality improvement plan for focussing on the key priorities, and the college's focus on teaching and learning. A follow up visit is due in November 2016.

Outcomes

The 2014/15 classroom qualification achievement rates showed that the College was over 5.5 percentage points above the GFE benchmark for 16-18 year olds. This performance is reflected in the all age rate, 83.7% for 2014/15, which slightly exceeds the national benchmarks for GFEs and for all providers. However, adult achievement rates for classroom learner are nearly four percentage points below the GFE benchmark; and both adult and young people rates have fallen from the high points seen in 2013/14.

For apprenticeships, the patterns are inverted – 2013/14 is the lowest point of the three year period. The overall rate of 73.5% exceeds the national benchmarks, but the 16-18 performance, despite year on year improvements, is around four percentage points behind the national benchmarks.

The College is reporting that outcomes are not fully confirmed for 2015/16 but the indications are that the overall performance will have improved with nearly all areas of 16-18 delivery up by at least 1.5%.   Adult performance, however, has dropped in nearly all areas.

In order to address performance or resource issues the College has withdrawn some provision. It has stopped the provision of A Levels, with A2 students finishing this year. The College has transferred IT provision to East Kent College, and have taken on the Sports curriculum from East Kent College. These courses have better resources in their new locations.

Quality Monitoring/Improvement

The College has been criticised by staff and the new leadership team for concentrating too much on quality assurance and not quality improvement. There have been significant sums spent on consultants who have been brought in to inspect areas and suggest improvements. Staff reported that there was often more than one consultant in an area and they would give contradictory advice which was then ignored by staff.

College processes for all aspects of Quality Control, Assurance, Improvement, Management and Leadership are unclear and undocumented. There is a very sparse Quality Calendar which does not include all the established practice that would be found in a 'Good' or 'Outstanding' college. Regular performance reviews were introduced in the last academic year but there was little evidence of whether or not they were the cause of the predicted improvements in achievement rates. The Senior Manager who introduced these has now left.

Under the new leadership team the first Performance Review has taken place to look at the Achievement Rates for 2015/16, record lessons learned and actions to be taken. These have been held by the Principal with the Heads of Canterbury and Sheppey College carrying out the reporting function. These are to be cascaded down throughout the organisation.

Self-assessment processes have been reviewed by the incoming leadership team, and have been found to be weak. The process in the past was formulaic and did not enable discussion amongst the teams to really identify the strengths and areas for improvement in each area. There were many contradictory statements with a strength also being a high priority weakness.

Under the new leadership team the process has been revised with training having been given on a more robust process. Revised documents for each subject area are in the process of being written using current data and not the predictions that have been used in the past, and which have proved to be inaccurate.

Currently there is no involvement of Governors in the self-assessment process, other than final approval of the completed document. This does not follow the process used in the majority of colleges, and does not allow them to have an in depth knowledge of the system.

A comprehensive Quality Improvement Plan in response to the inspection is in place. This is now being reviewed by the leadership team to ensure that the actions are relevant and will make the improvements required.

Curriculum Planning

Up until the beginning of this academic year courses have been allocated in excess of 600 hours which has been part of the reason why the financial contribution has not been positive. There has not been a clear set of instructions on what hours should have been given to a student depending on their entry criteria. This has now been provided and retrospective resourcing is being put in place.

Class sizes have been an average of 11 in the past few years. There is now an instruction that these should be at least 16. A review will take place after 42 days to look at viability of curriculum. This will coincide with staff restructuring which is due to have taken place by half term.

A new Executive Director responsible for Curriculum has been put in place to look at pathways for progression from level to level, and then into employment and meeting the LEP priorities.

Teaching and Learning

Two of the main areas that Ofsted put as needing improvements involved teaching and learning

- too little teaching, learning and assessment are good or outstanding
- standards of teaching and learning in discrete English and mathematics lessons vary too much; too few learners who enrol with low grades in these subjects achieve their qualifications

A new observation team has been put in place since the partnership began, and they have planned a developmental observation process. This is going to be ungraded and enable the discussion of individual strengths and areas for improvement and not be reliant on a tick box exercise. There will be learning walks both focused and freeform. There are a team of 11 advanced practitioners who have 6 hours a week to support staff. This scheme will need to be evaluated as it completes each stage.

Conclusions

Canterbury College has gone through a difficult period in its history, with a poor senior leadership team and a board that has fallen short in carrying out its statutory duties. However, decisive action has now been taken. The college is facing up to its current difficulties and reducing its expenditure in line with its income while at the same time giving a much clearer focus as to what is necessary for quality improvement. The involvement of East Kent College in supporting these moves forward has been instrumental in the progress that has been made and the prospect of a merged institution by August 2017 bodes well for both the learners and employers of the area.

Recommendations

1. The Board should establish separate finance and audit committees

2. The Clerk should undertake a full skills audit of Board members and recommend any changes that may be necessary to appoint new governors to address gaps

3. The Board should establish an effective links programme in which all members participate to ensure there is a more detailed understanding of the teaching and learning and support areas of the college. In particular the Chair of the Finance Committee should have regular (termly) meetings with finance staff to understand the college's true financial position

4. The Chair of the Corporation, Chair of Finance and Chair of Quality should undertake an annual appraisal of the Principal that recognises achievements against targets and sets clear objectives linked to the strategic plan for the coming year

5. All aspects of the quality process should be addressed, with documented systems to outline how quality control, assurance, improvement, management and leadership issues are to be addressed

6. Common Data systems need to be in use across the college that provide one source of validated data that provides timely information to inform decision making

7. Curriculum planning needs to be an holistic activity involving both finance and curriculum staff to ensure resources are allocated according to clear guidelines

8. The Finance Committee should meet monthly to receive a comprehensive package of financial information which will allow them to monitor the progress of the recovery plan and to provide robust challenge

9. The Corporation should consider carefully the risks facing the college and give clear direction to the internal auditors as to which risks require further assurance

10. A shadow Board should be established to oversee the merger with East Kent College drawn from East Kent College, Canterbury College and new members, no more than three of whom should be drawn from the current Canterbury College membership

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