FURTHER EDUCATION COMMISSIONER ASSESSMENT SUMMARY

Warrington Collegiate

JANUARY 2016

Assessment

Background

Warrington Collegiate is a medium sized general FE College that provides vocational courses and apprenticeship programmes. Its main campus is situated just to the north of Warrington, and it also has a town-centre site. The college provides adult and community education on both sites and at other locations throughout the town. It is also the sponsor of Warrington Collegiate Education Trust which operates Beamont Collegiate Academy (an 11-16 academy convertor) and Future Tech Studio School (opened in September 2014).

The College provides a wide range of types and level of curriculum covering most subject areas. This is constantly under review and recently painting and decorating and music have ceased. Level 3 beauty, has been changed for media make-up. The strengths of the provision include; logistics and passenger transport/aviation, science, technology, construction and performing arts. Class sizes average 15. A comprehensive enrichment programme is available to all full time learners. In March 2015 the SFA asked the College to manage the Adult and Community Learning provision across the borough.

A major curriculum transformation project 'Transform' is underway, working collaboratively with the University of Chester, to review current provision and re-focus on the development of progression pathways to higher level skills.

The number of 16-18 EFA funded students at Warrington Collegiate has declined over the last four years. The College has achieved its allocation for the first time in recent history. Overall the Total Vocational and Educational participation numbers have declined by 1000 learners since 2011 although there has been an overall growth in Adult Apprenticeships from 680 to 1160. The College has posted operating deficits from 2011/12 to 2014/15.

Quality of provision was judged by Ofsted in October 2014 as 'Requires Improvement' (Grade 3). A recent support visit has given the College confidence that it is making progress.

The College was issued with a Financial Notice of Concern in November 2015 following a judgement of Inadequate Financial Health based on the review of their 2015-17 Financial Plan.

As a result it was decided 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:

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

- The capacity and capability of the College's leadership and governance to secure a sustained recovery for the quality of provision, within an acceptable timetable.

- 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).

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

Assessment Methodology

Two FE Advisers carried out an assessment during the period 15th to 17th December. They received in advance extensive briefing information provided by the Skills Funding Agency and the Education Funding Agency and reviewed a wide range of College documentation. They interviewed Board members, managers and staff, as well as representatives of the SFA and EFA.

The Role, Composition and Activities of the Board

Warrington Collegiate is governed by a Board consisting of members drawn from the community. Membership also includes the Principal, and staff and students who are nominated and elected by their respective bodies.

The Board includes external governors from business, the community and higher education, although not Further Education. The Chair and Vice Chair have been members for more than 20 years, which is much longer than considered to be good practice. Following the intervention visit the Chair has indicated his intention to ask the Board to commence succession planning and search arrangements early in 2016, to enable him to stand down from the Board at the earliest convenient opportunity.

The Board and its main committees currently meet three times a year, although there have been a number of special meetings of the Board during 2015. Minutes are of variable quality, but in many cases they do not show a strong enough challenge to the Senior Management Team. Board reports sometimes also lack sufficient detail for the Board to be able to identify readily the key issues.

The current Clerk has been carrying out the role since 2002. The Clerk provides an independent service and has until recently provided clerking services to another college and to academies.

The College is to engage the support of a National Leader in Governance to review existing Governance practice and to support the introduction of the Code of Governance.

The Executive Team

The current Executive Team consists of the Principal, and two Deputy Principals. The Principal and Deputy Principal-Curriculum and Quality were both appointed during 2015. The Assistant Principal for Employer and Commercial Services was recently promoted from within the College. The Executive is supported by five Heads of Faculty, four support directors a marketing manager and a student support manager. The Heads of maths and English are directly line managed by the Principal. This is a flatter structure than under the previous Principal. There was a major restructure to the whole College management after the arrival of the Principal in February 2015. This restructure achieved savings of £1.6m.

The Present Financial Position – Overview

Prior to 2014/15, the College has had poor financial performance with operating deficits in 2011/12 and 2012/13, and a small deficit in 2013/14.

The College was issued with a Notice of Concern in November 2015 following a judgement of inadequate financial health based on the 2014/5 forecast and outturn as part of the Financial Plan submitted to the SFA in July 2015. The College reported an operating deficit in 2014/15, largely due to its failure to deliver its income budgets for the year.

The College has undertaken regular staff restructuring over recent years to endeavour to reduce costs in line with income reductions. However, despite these cost reduction initiatives, there has been an increase in pay expenditure as a percentage of income, and a decline in the operating performance.

As a result of the declining operating performance and the costs of recently completed capital projects, the College has identified short and medium term cash flow issues and has commenced discussions with its banker regarding an extended overdraft and the SFA regarding exceptional financial support

Financial Performance

The ran at a significant financial deficit in 2014/15due to a failure to reach income targets and increased restructuring costs

The scale of the deficit facing the College only became apparent at the end of the financial year. The management accounts showed a forecast surplus for much of the year and only recognised a significant deficit in March 2015 (Month 8)

The College has undertaken a detailed investigation into the causes of both its financial performance and its inability to accurately forecast its financial position during the year. A number of causes were identified:

Plans for learner numbers were unrealistic, particularly in relation to apprenticeships.

Grant income was set unrealistically high.

Lack of timely and accurate management information to support performance monitoring and decision making.

Excess reliance on sub-contracting to deliver apprenticeships.

During 2014/15, the College also recruited 156 fewer 16-18 learners than planned.

The College has high levels of debt as a result of borrowings to support capital developments in the past and to fund the costs of the legal case.

The Financial Plan

The college's financial plan shows an improving financial performance but the College remains very vulnerable to any assumption being overly optimistic. The assumptions regarding 24+ loans and HE income for example are particularly challenging.

The 2015/16 budget setting process recognised that the failure to achieve the income targets in 2014/15 was the main reason for the deficit and has taken a number of steps to 'de risk' the 2015/16 budget. This includes:

Removal of international income.

Removal of Grant funded income and expenditure – this will only be recognised in budgets and forecasts when contracts are agreed.

A lower level of Apprenticeship income than allocations.

Reduced reliance on partnership delivery.

The management of performance has been strengthened with the Principal chairing a Filling the Gap Group which monitors recruitment and income, and seeks to take necessary action to address any shortfalls.

College managers and governors have expressed determination to deliver the budget, and have taken rapid steps to secure improved financial performance. However, the assumptions which underpin the budget will be challenging.

Recovery Plan

Prior to the financial notice of concern, the College initiated a series of cost reduction activities which addressed teaching contracts by raising the annualised teaching workload and reduced remission, restructure the learning support function, restructured the business development and apprenticeships department and finally addressed business support and the leadership team. These cost reductions have formed the foundation of a recovery plan.

As currently drafted the Financial Recovery Plan is not sufficiently detailed nor focused to enable the College to achieve its objectives. It does not, for example, address its weakness in cash and net current liabilities. Furthermore the financial targets are currently only for 2015/16. The College should extend the plan to a period which shows a recovery in these areas.

The plan is also insufficiently clear about key targets, milestones and actions to enable the Board to monitor progress. The College need to be much more explicit and ambitious about the actions necessary to achieve a rapid and sustainable financial position and to clarify responsibility for delivering the actions required.

In particular the College needs to review percentage of income spent on pay. The College reports pay as a percentage of income in 2015/16 as 64%. However the financial forecast show that the pay as a percentage of income (excluding restructuring and franchised income) is 70%. Whilst the College has taken out £1 million of pay costs and is in the process of taking out a further £700,000 this will still leave the College above sector norms.

The executive team of the College do not have experience of developing and implementing a recovery plan and would benefit from working alongside someone who has had that experience. The College has recently sought advice from another FE College which has been through a recovery process. The College should seek to access expertise that exists within the FE sector to support the development and implementation of its recovery plan.

Financial Control

The College's internal auditors are RSM, The annual internal audit report for 2014/15 concluded that:

- adequate and effective governance arrangements are in place;
- adequate and effective risk management arrangements are in place, and
- adequate and effective control arrangements are in place. However the auditors had noted areas where improvements are required.

The conclusions were based on five reports, none of which contained any high priority recommendations. The annual internal audit report for 2013/14 had the same overall conclusions.

Similarly the draft Audit Findings Report for 2014/15 from the external auditors makes no recommendations on internal controls.

Quality Improvement

The College was inspected in 2014 and was graded as Requires Improvement. In early December 2015 Ofsted carried out a support and challenge visit, and the outcome was that the College is making progress but is still requiring improvement.

The self-assessment process recognises that the College requires improvement and has been graded against the new Common Inspection Framework A Quality Improvement Plan has been written following self-assessment. The plan captures the areas for improvement. Staff responsibilities are listed and achievable timescales are given. The plan however lacks detailed milestones which record progress.

The College acknowledges that its own self-assessment process requires improvement. It states in the 2014/15 document:

> The rigour in the way self-assessment is carried out requires improvement; whilst it is embedded there is inconsistency and inaccuracy across curriculum areas. There is insufficient focus on improvement actions and the pace of achievement at all levels.

The College has a Management Information System that produces a suite of useful information. An overall data dashboard has been provided for managers and staff. This covers the Key Performance Indicators as agreed by a working party of staff. This dashboard is RAG rated and it is possible to drill down to student level. It was evident from discussions that this is being used in management meetings and performance reviews.

Performance monitoring has become more rigorous since the arrival of the new Principal. The teaching and learning observation process has been modified and a programme of CPD introduced that includes an 'essential teaching' element focussing on stretch and challenge, behaviour, use of learning facilitators and responding to individual needs. Regular panels are set up to challenge under-performance. These panels include MIS, Finance and Quality.

In summary, the new Executive have put in place the quality process that should assure and improve quality. As these have not been in place for a full academic year it is too early to be assured that they will have the required impact.

Success Rates

Overall success outcomes for classroom based learners increased to 85% in 2014/15. However, the College recognises that not enough 16-18 year old learners achieve their learning goals and the success rate is 77.9% which is currently below the Provider Group Average. There is a marked difference between the achievement of 19+ and 16-18 learners. There are also significant differences between the programme areas. This inconsistency is a focus of the new management team.

The overall apprenticeship results for 2014/15 were 63.3% and timely success was 48.7%. Timely success rates have improved over a two year period. However, the College acknowledges that the pace of progress needs to be faster.

Conclusions

Following a disappointing Ofsted report and a decline in its financial health, the College has acknowledged the need for significant change. The new Principal has brought a new determination and ambition to the College, and has initiated a significant restructure to improve communications and performance, whilst reducing costs, as the first phase of the recovery plan.

Despite this prompt action, the College faces a difficult financial situation, and needs to strengthen its recovery plan by setting demanding targets and being much clearer about the actions required to deliver the improved financial performance which is necessary to secure the future of the College.

Central to the recovery plan as drafted are increases in income form apprenticeships, but delivered in house rather than through sub-contracting. The College has invested in a new team to deliver this growth but this represents a key risk to the plan.

The Quality processes that have been introduced should enable the College to monitor its progress in a timely manner. Close monitoring of the assessment processes should help to increase the percentage of achievement beyond the KPI set by the college. Workloads for those managers who are leading the improvement need to be carefully managed.

To enable the Executive Team to reflect on whether their plans are effective, Governors need to raise their level of challenge. This challenge needs to be supported by better reporting to the Board, and be fully reflected in the minutes.

Overall the College is aware of the issues raised, although there remains a tendency to focus on looking back rather than looking forward The College has made a good start on reducing costs, but has an incomplete recovery plan, and an inexperienced senior team in leading recovery, In light of these concerns the FE Commissioner should re-visit the College before the end of the Spring Term.

The college are expected to fully participate in the national programme of Area Based reviews. As such, the college should commence search and succession planning for a new Chair and Vice Chair to enable a new Chair to be in place to lead the College's contribution to the Area Review process in due course.

Recommendations from Further Education Commissioner

The College should:

- Strengthen the Recovery Plan by including financial targets beyond 2015/16, and clear actions and milestones to enable the Board to monitor progress. The Recovery Plan should explicitly address the high expenditure on pay as a percentage of income, and the need to restore cash balances to a level which enables the College to invest.

- Improve in year financial monitoring and control procedures to ensure timely and accurate financial forecasts are available to enable the College to better manage its financial performance against budget.

- Commence search and succession planning for a new Chair and Vice Chair to enable a new Chair to be in place to lead the College's contribution to the Area Review process in due course.

- Review the way that Governors are involved with the process of self-assessment and the final validation of the document. The Curriculum and Standard Committee should be provided with the full document for discussion.

- Implement more frequent meetings of the Finance, Human Resources and Estates and Standards and Curriculum Committees to enable effective monitoring of the financial recovery plan and the college improvement plan.

- Update the standing orders to ensure the policies on terms of office of members and the Chair and Vice- Chair are consistent with good practice in the sector.

- Refresh and strengthen clerking arrangements to ensure that minutes reflect the discussion and challenge that takes place at the Board.

- Review the assessment processes to ensure that students are not carrying out too many assessments and having an unnecessarily excessive workload.

- Review the workload of Heads of Faculty and Curriculum Leaders to ensure equity, and also to ensure that these managers can continue to be effective leaders and teachers during the time of financial and quality recovery.

- Undertake a detailed review the planned investment in the new logistics training centre to assess the affordability and financial risk of the project in the light of the College's financial position, taking account of any potential under-utilised accommodation on its main site.

The FE Commissioner team should:

- The FE Commissioner team to revisit the College before the end of the spring term to monitor progress on implementing and delivering the necessary improvements.

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