Department for Education

FE Commissioner Intervention Summary Report

Ealing, Hammersmith & West London College

August 2018

Contents

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Ealing, Hammersmith & West London College

Name and Address of College	**EHWLC College Gliddon Road Barons Court London W14 9BL**
Assessment undertaken by:	**F Wadsworth: Deputy FE Commissioner R Smith: FE Adviser M David: Deputy FE Commissioner**
Chair of the College	**Anthony Alderman**
Principal / Chief Executive of the College	**Graham Morley (Interim)**
Clerk to the Corporation	**Keith Scribbins**
Date of Assessment	**14-16 August 2018**

Background to FE Commissioner Intervention Assessment

Ealing, Hammersmith and West London College (EHWLC) was first referred for FE Commissioner-led (FEC) intervention following the issue of a Notice of Concern by the Education and Skills Funding Agency (ESFA) in March 2014. ESFA has kept this Notice of Concern in place since that time, in agreement with the college, despite some initial improvement in the actual financial health category due to an assessment of financial risks pertaining.

An FE Commissioner-led visit took place 2 July 2018 requested by the ESFA. Their concerns related to financial issues, significant key executive management changes (including principal/CEO, executive director-principal, executive director finance, director of HR, plus a number of unfilled and interim significant management posts) and an expressed urgent need by the college for significant sums of Exceptional Financial Support (EFS). These factors combined with a concern that, in addition to apparent acute financial challenges, the college is engaged in a number of ambitious capital projects and partnerships.

The July 2nd FEC visit reported a number of concerns:

- The cash flow shortfall was considered to be a symptom of a chronic weakness in financial leadership, management and planning within the college: a position that was judged could rapidly become acute.
- Changes in key senior posts, along with the range of ambitious projects and partnerships, were deemed to have the potential to further exacerbate the college's fragile financial position and place the college at considerable risk.

The report recommended that an FEC-led intervention be arranged as soon as practicable to ensure thorough exploration of prevailing issues.

Two Deputy FE Commissioners and an FE Adviser undertook the FEC-led intervention of the college in August 2018. This included a three day visit to the college on 14 to 16 August 2018.

In support of the visit the FE Commissioner team had access to a briefing from the ESFA, the 2015 Ofsted Report and a range of information provided in advance by the college. In addition the team held interviews with governors and senior leaders, as well as groups of managers, staff, unions and students and a phone call with the clerk. Detail of those interviewed is included in the appendix.

The FEC's report is intended to advise the Minister and the Chief Executive of the ESFA on:

- 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 by Ealing, Hammersmith and West London College to deliver a sustainable financial recovery within an acceptable timetable (considering the suite 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.

Overview of the College

EHWLC is a general and further education college operating from five main sites at Hammersmith, Ealing, Southall, Park Royal and the West London Construction Academy. A sixth site, Acton, has been sold and recently vacated.

The college covers some 12 miles across west London and sits across two local authorities: Ealing and Hammersmith and Fulham. The college recruits learners from across west London and neighbouring boroughs, offering courses in most subject sector areas other than land based. The college discontinued AS and A level provision in 2016/17.

Ealing, Hammersmith & West London College's turnover has declined year on year from 2012/13 to 2017/18. Due to a sustained fall in 16-18 numbers and following from a major curriculum overhaul, the college stopped offering A Level courses from September 2017. The college has however seen a small increase in 16-18 numbers recently. The college indicates that current applications predict further growth, though there are concerns regarding comparisons that can be drawn year on year and accuracy of reporting.

The college was issued with a Notice of Concern for Inadequate Financial Health in March 2014. At that point the college had a "Requires Improvement" judgement from OFSTED.
Garry Phillips was appointed as principal in July 2014. Tony Alderman was appointed as chair in November 2014, having previously been chair at Barnet College.

The college was inspected by OFSTED in October 2015 and graded as "Inadequate." Some quality improvement in provision for learners was achieved subsequently, reflected in an OFSTED "Good" grade in 2017. There was an improvement in the college's financial rating, achieved through a combination of asset disposal and some curriculum rationalisation. However ESFA judged that there was continued financial risk, highlighting the college's failure to hit growth targets in its financial plan and noted these positives were eroded.

The college undertook multiple expressions of interest into Structure and Prospects Appraisals. ESFA was concerned that there was a lack of clarity as to the strategic rationale for all of these and reflected that they were frequently approaches to institutions where there would be very limited opportunity for operational benefit should a merger have been effected.

The efforts to introduce an ambitious capital strategy that would transform the nature and use of the college's Barons Court led to a combination of very high pre-build costs and other costs associated with the college's wider accommodation and estates projects. The benefit to the college's financial position from the receipt of funds associated with the disposal of assets has been rapidly lost.

The significance of these costs on the college's financial position has been compounded by some decisions that were made while the college was trying to secure its merger with Kensington and Chelsea College (KCC). Ealing Hammersmith & West London College was considered the preferred merger partner following Kensington and Chelsea College's Structure and Prospects Appraisal but opposition to the planned merger with KCC began to grow and ultimately the decision was made by KCC not to progress with the merger.

The decision by the college to defer its application to Skills for Londoners Capital Fund for capital support for its Hammersmith site and to delay planned disposals and secure investment from other sources linked to that project, mean that the college has not received funds that it otherwise would have done.

In March 2018 the executive director of finance resigned her position. The principal / CEO would subsequently say that he had not been sighted on how significant the decline of the college's financial position was. Further review by the Interim Financial director subsequently brought in highlighted the degree of decline in the financial position of the college.

The principal / CEO informed that he was leaving to take up a post as principal at City College Plymouth.

In the last year the scale of the multiple strategic issues the college has been trying to respond to, concern regarding financial and other leadership issues and the failure to achieve the growth targets in its financial plan, has led to a significant worsening of the college's position and a heightening of ESFA concerns.

On 12th July 2018 UCU wrote to the clerk reporting that at a recent AGM a vote of No confidence in governors had been passed, citing the need for urgent steps required to “restore confidence in the accountability of management with regards to the financial state of the college.”

A principal was appointed, Karen Redhead, who took up post on September 3rd. An interim principal, Graham Morley, led the college in the intervening period after Garry Phillips’ departure.

Leadership and Governance

Role, Composition and Operation of the Board

EHWLC corporation board currently has 13 voting members on its governing body, with one vacancy. The board has adopted the Carver model, meeting monthly. More recently, the clerk indicated, there has been recognition that closer scrutiny on finance and quality would be of benefit. Task groups for Quality and also Finance and Resources were introduced, which have developed into Committees.

There are two student representatives and a support staff member on the board. Three academic staff members attend the board. The staff governor we met said that all three academic staff who had offered to stand had been advised by the clerk that they could all attend, but would need to take it in turns to hold the full responsibility of being a governor and only one could vote.

One governor has been on the board since 2004 and has a term set to end in 2020, which would be a 16 year association with the college. The chair and vice chair have both served on the board since 2014. The clerk joined the college at the same time and currently serves two colleges. Two members have only recently joined the board (May 2018).

The last skills audit of board members was effected in 2016 and indicates a lack of financial skills across the members of the board. Although there had been previously, there is currently no qualified accountant serving on the board or anyone with appropriate property experience. There has been no board self-assessment, board quality improvement plan or board development plan produced by the clerk.

Operation of, and proper scrutiny by, some of the committees is of concern. Finance and General Purposes met only twice in 17/18, the first being attended by only the chair and the principal / CEO, the second by all four members, but the June meeting was cancelled. The Finance and General Purposes Committee had four members listed for 17/18 comprising of the chair, principal / CEO, staff governor and an external who chaired the committee, but who resigned in March and the principal / CEO who left in early July. There is neither an accountant nor someone with property experience sitting on this committee: it was unlikely that the membership would have been able to provide sufficient support or challenge even if all three meetings had taken place and been attended.

Membership and operation of the audit committee is also of concern. There has been considerable change in membership across 17/18. Of the eight members listed for 17/18, four resigned within a year. Of the three scheduled meetings, one was cancelled (March 2018) and no member achieved more than one attendance in the year. There is a new chair of this committee and she has asked for, but not received, any training for this role.

Audit, Remuneration, Curriculum and Quality and the Finance and General Purposes Committees each had a scheduled meeting cancelled within the year, none meeting more than twice in the year. Minutes taken by the clerk are brief and do not indicate rigour of debate or challenge regarding decision making, either in board, committee or task group discussions.

Risk management is not robust – the audit committee was presented in June 2018 with the risk register for 16/17 and the covering report advised that the 17/18 risk register was in the process of being compiled. This does not give assurance that risk management is current and that mitigating actions are in place to navigate and emerging risks as they arise.

None of the governors met said that they had received an effective induction that equipped them for their role and some noted that their requests for training and support had not been followed up. Governors expressed frustration that this meant they were then not in a position to fully grasp issues, question or challenge. Staff governors spoke of frequent occasions they would be asked to withdraw for confidential matters to be discussed and wondered what those could be.

There was a concern expressed by governors met that they felt they had not been kept abreast of issues and some felt they had been misled. The chair said that information given to governors was not always accurate. Though management accounts were presented to the board, it was clear that the scale of the problem was neither understood nor properly debated. As a specific example the chair commented that he had not agreed to set a deficit budget for 2017/18 and he said he recalled significant challenge from the board when this had been proposed. However it is clear that a deficit budget was indeed set and submitted. Minutes also did not reflect the challenge he had spoken of. Other governors said the financial position had been understood by them as “just a cash flow problem”, but admitted that there had been little real discussion and that they did not grasp the seriousness of the financial position. The principal / CEO’s report had little detail or data within them.

When asked for their thoughts about the UCU letter outlining a vote of no confidence in the governing body, which was presented by the clerk to the board at their meeting on July 18th, governors said discussions at board had focused purely on the process of responding to a request to meet with the board and not on the issue itself. The significance of the concern was not discussed, as minutes also indicate.

Governors met said they cared for the college, its role for learners and learning and its place in the community, but felt dispirited and compromised by events. A comment was added that the relationship between clerk, chair and principal / CEO, those holding power, was over supportive and referred to it as being ‘cosy’, with little challenge and feeling a difficulty in asking questions. This was also the view of the executive director – principal.

Leadership and Senior Management team

College leadership is in a period of significant flux and there is an urgent need for the new principal to recruit to and stabilise the leadership team. The principal / CEO left in early July to take up a principal’s post at City College Plymouth. His departure was announced, staff noted, at approximately the same time that they found the executive director Finance had left. The executive director- principal announced her intention to resign four months later and leaves to take up a post at Newham College. Interims currently fill the posts of Head of CIS and Head of Finance. The director of HR and his deputy both have been accepted for voluntary redundancy, so they too will soon be departing. A consultant leads on accommodation and property with a contract that comes to a close in December.

Senior managers interviewed indicated that they felt they had “been kept in the dark” regarding the emerging difficulties and financial issues and middle managers commented that they had heard things “through rumours” and had developed mistrust in what they were being told. When staff interviewed were asked what one thing would improve the college they unilaterally said, “open and honest communication”.

A lack of holistic and measured strategic thinking and direction in the college leadership and governance has been highlighted by ESFA: the various merger discussions with other colleges appear to have been a distraction at best and some without obvious perceived advantages if they had been successful. Whilst the KCC merger preparations clearly did, when halted, cause concerns, and efforts had been made to work with the college by managers and staff, it is clear that the underlying financial and operational issues predated all that activity.

The absence of one holistic estates strategy is of particular concern when one considers that the ambition, plans and projects were of such significance and cost. The lack of financial controls and planning of the curriculum and staffing adds to a picture of poor leadership. Proper and detailed consideration of site and course viability and appropriately scoped levels of staffing have led to a position where staffing costs are well above sector norms at over 86% of income.

Many managers met are willing and enthusiastic, being clearly student centred, but they may lack the experience or ability and skills to manage resources effectively.

There is a lack of trust in the reliability of information and little use made of standard reporting. Managers note that management accounts were not shared with them up until the point where the unions demanded sight of them. Comment was made that managers did not know of the significance of any financial pressures until March 2018 and then they didn't know the scale of the issue. They felt they had been misled. Union representatives met had similar concerns.

It would appear from comments made in meetings that the principal / CEO did not share information and that decision making was held tightly at the top, not cascaded, debated or explained. Whilst there was a weekly newsletter this was not trusted to give important key information.

Leadership decisions had in some instances been taken without proper consideration of consequences. Wet trades were originally intended to move from the Acton campus, upon its disposal, to the Park Royal site. However, it was then decided to move it to the West London Academy instead. The decision to proceed with the West London Academy had been taken on the basis that it would generate additional new revenue and provision, which it then did not do. Instead existing provision, wet trades, which was intended for Park Royal moved there. Additional income predicated the viability and justification for proceeding with the West London Academy and the knock on effect of moving existing provision instead and so compromising income assumptions had not been thought through.

Some staff met within the college had not been kept fully informed about such provision location changes and were not clear as to where various curriculum areas were being moved to. They were understandably anxious to be clear about this before students enrolled and to be ready for year start.

The newly appointed CEO/principal will need to urgently assess the capability of curriculum and other managers and ensure appropriate skills and expertise are in place at a senior level to produce a curriculum and business plan that is suitably scoped to available resources and with clarity regarding use of each site. Aligned staffing requirements also need urgent review and benchmarking effected, using sector norms. The existing plans for staff reductions need reviewing to ensure that they match curriculum and learner requirements and that they can bring the staff costs in line with the size of the college. Redundancies of the two senior HR managers will make this a challenging time for the new CEO/principal.

Curriculum and Quality Improvement

Curriculum overview

Further education courses are delivered from five sites, and cover the majority of sector subject areas, other than land-based and A levels. Sites include, Hammersmith, Ealing Green, Southall, Park Royal and the West London Construction Academy. The Acton site has been disposed of.

The allocation for 16 to 19 year old students has decreased substantially from 2015/16 to 2017/18. Managers felt this was caused by the Inadequate Ofsted inspection in October 2015. Nearly three quarters of learners are from a black and minority ethnic heritage

During this same time period, the Adult Education Budget (AEB) provision including apprenticeships decreased. The college has decided to reduce its subcontracting and to bring much of this provision in-house. There has been a substantial decrease in apprenticeship enrolments due to this strategy and also the introduction of the apprenticeship levy.

Ofsted inspections

The college was inspected in March 2017 and was confirmed as a Good for Overall Effectiveness and in all sub-areas other than Apprenticeships which was graded Requires Improvement. The previous inspection in 2014 had judged the college to be inadequate.

Three areas were identified to improve further which are:

- the quality of teaching and learning
- the quality of apprenticeship training and apprentices' outcomes
- further improve the quality of teaching and learning in mathematics and English.

The college was awarded a TEF Silver in June 2018.

Quality improvement

It is imperative that the focus on improving teaching, learning and assessment continues despite the financial pressures and senior management changes. The lesson observation team should continue to include experienced external observers who can validate the standards and expectations to ensure that the reduction in teaching staff does not lead to deterioration in the quality of teaching, learning and assessment.

Apprenticeship performance continues to gradually improve although it is predicted that it will still be 2-3% below the national average for overall framework achievement. As sub-contracted provision is reduced and brought in-house new starts have decreased.

The most recent published DfE performance measures data which is for the academic year 16/17 shows that for applied general qualifications at level 3, the college is in the bottom 11% of providers.

English GCSE high grades for 17/18, based on the most recent college internal reports, have improved by 8% compared to 16/17 and are now just below the national average. Attendance at both maths and English lessons is poor at 72 and 71% respectively, remains stubbornly low and requires urgent attention.

Good progress has been made in improving learner outcomes in 15/16 and 16/17, with significant financial investment in a number of successful strategies, especially teaching and learning and attendance. There is a concern that the financial pressure to reduce staff costs, including major reductions in hourly paid and agency staff and rounds of redundancy, might impact upon outcomes going forward.

There is significant change in the senior leadership team, with a large number of vacant posts and major financial and estate challenges. This does present huge risk to the effective running of the college. The newly appointed principal must establish her senior team and ensure focus on continuing the improvement in teaching, learning and assessment to maintain and where necessary further improve learner experience and outcomes.

Curriculum planning

Curriculum planning is undertaken by managers and commences in late autumn each year using Pro-resource. The process is mechanistic and plans are produced on spreadsheets that include every course with managers populating this with predicted enrolments, estimated hours for teaching and a total staff cost based on internal standard costs. A contribution to central costs of 55% is the college target. No account is taken of non-pay and other delivery costs, nor direct curriculum management costs therefore the contribution figure is inflated.

The curriculum planning process is weak and does not appear to be dynamic. It does not help to inform managers of their performance against targets or budgets and does not feed into the financial performance reporting for curriculum areas or the college.

Curriculum managers at all levels were seriously concerned that the target enrolments they had entered, based on their knowledge and understanding of applications and demand, had been unilaterally inflated by the then principal / CEO and that those were unachievable - these need revisiting. Some managers were confident that interest in college courses and applications was strong and that they believed they would enrol sufficient 16 to 19 year old students to achieve the ESFA contract. Many managers were less sure, as a common view within the college was that the management information data available is variable in its quality and accuracy and this is especially so for financial information.

The curriculum and business plan needs urgent review to ensure a strategic, integrated, comprehensively costed plan with appropriate resourcing for learners is approved, has full grasp of the financial contribution required, and is in place for the coming year (18/19). This must inform a thorough review of the 18/19 budget to ensure this is robust, accurate and achievable. This plan must also inform the estate strategy being developed in order to ensure necessary estate rationalisation and investment is focused on current and future needs.

There is an urgent need for rapid improvements in management information and its accurate and timely reporting and use. Many managers have lost confidence in the data available to manage, curriculum, staff and financial resources. Timely and open communication with staff also needs significant improvement.

Outcomes

There has been good progress in improving outcomes, but the June 2018 report to governors predicts a reduction of around 3% in overall achievement all ages, a reduction of around 1% to 81.5% for 16 to 18 year olds, which is slightly below the national average and a reduction of 3% to 90% for adults, which is still above the national average.

Overall retention rates are predicted to decline by 2.5% to 92.5% which though still good includes a high proportion of adult short courses. The college has no notices to improve for quality nor has it triggered any minimum standards notices. It does recognise that level three value added is below national average and is an area that needs improvement.

Apprenticeship performance is predicted to continue to improve with 16-18 Framework achievement estimated to be 70% with 19 to 23 year olds at 75% and 24 plus predicted at 67%. Overall framework achievement is predicted as 67% which is two percent below the national average.

Student withdrawals in the first 42 days in 2017/18 were around 16% which is significantly above the national average (in 15/16 AoC recorded the average as 6%). Whilst it is acknowledged that withdrawals are seen to be higher in the London region, this is still too high. Students who were met raised a concern that programmes were rather disorganised in the first month to 6 weeks and that information advice and guidance prior to enrolment and during this period could be improved.

The college needs to urgently develop and introduce a cross college strategy that will improve information advice and guidance for students and also improve course organisation, especially in the first six weeks, in order to reduce the number of students who withdraw in this period and are possibly lost to education and training.

Leaders and managers need to ensure that the push for improvements in teaching, learning and assessment continues, despite the turbulent period the college is experiencing due to its significant financial and senior leadership issues.

Student views

The FEC team met with ten students: a mix of full and part time and apprentices. The students were courteous, confident, articulate, respectful and supportive of each other. They were proud to be students at the Ealing, Hammersmith and West London College and in the main were very positive about their learning experience. They were a pleasure to meet.

They all felt safe at the college and would recommend the college to family and friends. They felt that teachers were friendly, supportive and encouraging. They complimented the college in employing many students which was both developmental and helped students with their financial challenges.

Areas they wished to see improvement in included

- information, advice and guidance
- course organisation especially in the first 6 weeks
- accuracy of the ProMonitor data students can access
- improvements to One File in order for apprentices to be able to access more on line learning material.

Finance and Audit

Recent financial history and forecasts for coming years

The college incurred significant deficits in the period 2012-13 to 2014-15 and received a Notice of Concern (NOC) for their financial health in March 2014. Although the college technically met the requirement for the Notice of Concern for Financial Health to be lifted, ESFA decided to defer lifting the notice until it had completed some additional activity following the sudden changes in the SMT. The improvement in the college financial health grade to ‘Satisfactory’ in 2015/16 was due to the sale of assets which increased cash and net current liabilities. Whilst the deficit position did improve in 2014/15 the college did not achieve a surplus. Since 2012/13 college income has fallen significantly.

Financial performance 2017/18

The forecast operating deficit is still subject to year-end adjustments and audit.

The major reasons the college failed to achieve its budget was a significant failure to achieve its budgeted income.

The college planned income in relation to a number of key income streams was too optimistic

The college had planned for a significant increase in its apprenticeship income. However, only 25% of this increase was achieved

Additional income was included for Advanced Learner Loans however only 25% was achieved.

Other fee income such as Commercial and Higher Education Fees were also significantly increased from the previous year’s performance and not achieved.

Whilst the Adult Education Budget is not showing a reduction this is because the college engaged sub-contractors to deliver the under provision resulting in a significant overspend.

The college did achieve an increase in Education contracts for Higher Needs Students. This does not make a significant contribution and resulted in increased pay costs. This together with overspends on agency staff negated pay savings made on non-delivery of provision

The college were able to reduce consumable expenditure during the year in response to the emerging deficit

Financial forecast 2018/19 - 2019/20

The forecast deficit in 2018/19 is insufficient to cover loan repayments and interest. This excludes any cash required to fund capital developments. The budgeted deficit therefore will result in deterioration in the underlying cash position of the college. The same applies for the 2019/20 budget.

Staff costs are forecast to remain well above the benchmark of 65%. Further savings would be required to achieve a ratio of 65%

The cash and net current assets of the college improve due to the inclusion of sale receipts for the Gateway project only partially being offset by capital expenditure.

The budget is predicated on increases in income and significant reductions in pay expenditure.

Cash flow / liquidity

The operating deficits and capital expenditure has had a significant adverse effect on the college cash flow..

The college has an immediate need for external cash flow support. It will be unable to meet its commitments from early October without support. The college is pursuing options to provide support including discussions with the ESFA.

The college do have assets it can dispose of however these are unlikely to be secured within the proposed timeframe.

Financial (budgetary) control, management and record keeping

Financial control and management accounts have not been effective in controlling or reporting on the adverse financial performance of the college. The management accounts for the period September to June are set out below:

The FEC team recommend that the college review the Management Accounts in comparison to the AoC good practice accounts and make the necessary adjustments as a matter of urgency.

Estates and Capital Plans

The college operates out of a number of sites as set out below:

	m^2
Ealing Community College	6,927
Hammersmith College	26,799
Southall Community College	9,259
WLCA	1,435
Park Royal	3,500
Whole college	**47,920**

Capital Developments

The college has undertaken a significant capital programme without an overarching Estate Strategy in place. This has led questions about the financial viability of West London Construction Academy and Oak Park Royal. It is also uncertain as to whether the Gateway project is of the correct size to meet the needs of the college or whether it should be expanded to accommodate provision at Southall Community college to allow it to be sold.

Conclusions

- Governors have not had a clear and realistic assessment of the college's performance. This has compromised their effectiveness and decision making. The lack of financial and property skills on the board has been a contributory factor, as has the lack of challenge of the executive. Board leadership provided by the chair has been weak and the relationship between principal, clerk and chair, noted by other board members and the executive director-principal, as lacking suitable challenge. The committee structure brought in to strengthen the board has not been effective and cancelled committee meetings have contributed to this.
- Clerking is not effective. The clerk has failed to develop board self-assessment, a board quality improvement plan or a board development programme. Requests by some governors for specific training have not been followed through. As such members have not been appropriately equipped to engage, contribute and challenge, and this has compromised understanding and decision making. Board minutes show little evidence of challenge or debate of/with executive, even when very significant issues were being debated.

- The executive leadership of the college in relation to delivering an appropriate property strategy and securing overall financial sustainability has been poor. Executive leadership has not provided a properly considered and coherent holistic strategic direction for the college. Financial leadership and risk management have been poor. Curriculum and business planning has not been rigorous, with ineffective control of staffing costs and weak operational effectiveness. Poor information and data management has compounded issues.
- The absence of a holistic, clear, well thought out overarching estates strategy, grounded on accommodation needs evidenced through a carefully honed curriculum plan, has been instrumental in allowing a number of over ambitious projects to be approved piecemeal, without sufficient grasp of the actual space need, or effect, risks and impact of those decisions.
- A lack of timely and appropriate communication and engagement with staff, managers and unions has left staff feeling misled and disengaged.
- College leadership is in a period of significant flux and there is an urgent need for the new principal to recruit to and stabilise the leadership team. The number of senior management vacancies in light of the challenges to be addressed is a risk to the college and operational efficiency. The new principal will need to consider carefully capacity and skills required in the immediate and short term as she recruits appropriately.

Recommendations

- Governance urgently requires improvement. The leadership provided by the chair of the board is ineffective. The chair should consider his position carefully as to whether he can have the positive impact required to lead the board and support a newly appointed principal through a period of considerable challenge, redressing the major financial issues, overseeing an appropriate and affordable estates strategy and restoring staff and union confidence in governance and strategic decision making.
- Clerking advice and arrangements are not effective and require improvement. There has not been appropriate support, advice or steer provided to the board to ensure an appropriate level of challenge and also self-reflection on the effectiveness of the board. Board self-assessment, quality improvement and development needs addressing.
- Board members' skills needs reviewing and the requirement for financial and property skills addressing.
- The curriculum and business plan for 18/19 needs urgent review to ensure that an appropriate plan is in place for the year, with a full grasp of the contribution

required by each course to ensure the college's financial stability. This plan needs to consider decisions regarding delivery location, the viability of each site and inform the budget.

- The curriculum and business plan also needs to inform staffing resources and an aligned HR plan/strategy. Staffing resources need to be closely scoped to an identified need, with sector benchmarking to aid staffing resource decisions, to ensure a measured and appropriately tailored approach to any required staffing decisions or reductions. The executive needs to assure themselves through testing that the current plan to achieve savings in the curriculum pay area largely through reductions in hourly paid staffing is realisable.
- An integrated and holistic estates strategy for all sites/projects needs producing. This should be scoped from the needs of the revised curriculum and business plan to ensure any decisions relating to accommodation are firmly based on accurate information as to current and future learner and curriculum requirements and site viability. The Gateway project has been deferred: a decision as to whether to proceed with this needs to be taken within three to four months otherwise the college risks there no longer being the option to consider.
- There is an urgent need for rapid improvements in management information and its accurate and timely reporting. Many managers have lost confidence in the data available to manage curriculum staff and financial resources.
- Timely, open, honest and frank communication with staff and unions needs significant improvement to restore confidence in leadership and ensure an understanding and ownership of strategic direction.
- Recruitment to key senior posts needs to be effected with some urgency (Head of MIS, ED Finance, Dir HR, DP Curriculum)
- The budget for 2018/19 and forecast for 2019/20 do not maintain or improve the college's underlying cash position once loan and interest payments are taken into account and the college would be reliant upon asset sales to maintain its financial viability. It is recommended that the college review its financial forecast to achieve the FE Commissioner benchmark of an operating surplus of 3-5%. It is recognised that this may not be achievable immediately but a target should be set for when it is to be achieved. The financial forecast should also include a sensitivity analysis and plans to address any adverse changes to the budget in year.
- The college should also develop a financial forecast which encompasses the Gateway project. This is required as the 3 year financial forecast includes a net cash inflow from the sale of part of the Hammersmith site. Sale income exceeds capital. The financial forecast does not therefore show the true underlying weakness of the college.
- There is a need to improve the reporting and monitoring of financial information as a matter of urgency. This should include an improvement plan around financial information and could use the AoC recommended model of management accounts.

- Fusion, the company which the college has engaged to effect its estates work, is now compiling a holistic estates strategy. On completion this needs to be further externally reviewed by the college to a scope and through an agency agreed with ESFA/Transaction Unit.
- The college has identified an immediate cash flow requirement. This sum is yet to be fully confirmed. Without this the college will not be able to satisfy the demands of its creditors. A further review of requirements will take place to clarify the need.
- It is recommended that, given prevailing financial concerns and historic financial performance over a number of years, further consideration be given to conducting an external review to test whether there is a sustainable financial position for the college going forward.
- It is recommended that, in view of the extent of prevailing risks, the college be placed in Administered Status.

Annex A - Information reviewed

Organisation Chart

ESFA College Briefing

2017 Ofsted Inspection

Senior Leadership team curriculum performance data including 2017/18

Curriculum performance reports to Governors 2017/18

MIDES performance measures 2016/17

SAR 16/17

Quality Improvement Plan 17/18, showing progress

Position statement for Curriculum planning

HE Strategy 2016-20

Financial statements

Management Accounts

Estates related information

Business Plan: Strategy for Growth, Evolve Learning Group

Corporation members 18/19, indicating dates of appointment and Committee membership

Register of Board attendance

Board papers and minutes

SPH Appraisals

Joint JNC Meeting notes

UCU letter of 12/07 from UCU Regional Official directed to the Clerk for presentation to the Board

Annex B - Interviewees

Interim CEO

Chair

Chair of Audit Committee

Governors

Clerk

Executive Director–Principal

Directors of Curriculum

Project Director Accommodation (Fusion)

Interim Head of CIS

Managing Director Evolve Learning Group

Director HR

Interim Executive Director Finance

Head of Finance

Director Inclusive Learning and ALS

Director of Marketing and Customer Experience

Union representatives (UCU & UNISON)

Staff

Students and Apprentices

Department for Education

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