Department for Education

FE Commissioner intervention summary report: North Hertfordshire College

September 2018

Contents

FE Commissioner Intervention Assessment Summary report

North Hertfordshire College

Name and Address of College	**North Hertfordshire College Monkswood Way Stevenage Hertfordshire SG1 1LA**
Assessment undertaken by:	**Ioan Morgan Cathie Prest Bob Smith**
Chair of the College	**David Chalk**
Principal / Chief Executive of the College	**Kit Davies**
Clerk to the Corporation	**Robert Dale**
Date of Assessment	**24 to 25 September 2018**

Background to FE Commissioner Intervention Assessment

In line with the ESFA's published policy, North Hertfordshire College had been in early intervention between 2015 and 2018 triggered by its weak financial health. This intervention category was escalated to formal intervention upon the college's most recent request for Exceptional Financial Support (EFS).

Prior to this, the college received £1.485 million medium term EFS in February 2016 to support its cash flow. These funds were repaid to government in July 2016. The college met the conditions to emerge from early intervention after the 2016/17 financial record confirmed the college as having good financial health. It was agreed locally to continue with the early intervention due to a number of ongoing risks, including cash-flow vulnerability. The college pursued an expansion and quality improvement strategy. Apprenticeship income rose significantly. The college now has one of the largest traineeship cohort in England.

The college requested additional EFS in August 2018 and has been reliant upon that support since September 2018 to continue operating. As a consequence of this, the college has been placed into formal intervention. The level of this support may rise to £4.6 million. The cash position has been weak for a long period as the college invested in delivery. ESFA has been vigilant in monitoring and challenging this position.

The college has often failed to meet its own growth predictions. The ESFA has serious concerns with the college's forecasting accuracy and the college often made, what was seen as, over-optimistic projections and often circumvented local and regional ESFA officers in requesting additional funding.

North Hertfordshire College has a posted deficit in 2017/18 resulting from less than anticipated apprenticeship growth.

The college may have the capacity to recover its financial position by selling land for development. This is not a confirmed position and has a plan at an advanced stage, albeit still subject to a number of risks.

In accordance with the expectations set out in the FE College Intervention and Exceptional Financial Support (October 2015) the college was referred to the Further Education Commissioner (FEC) for an independent evaluation of its ability to the make the required changes and improvements to secure its financial recovery.

The FE Commissioner's report is intended to advise the Minister and the Chief Executive of the funding agency on:

a. The capacity and capability of North Hertfordshire College leadership and governance to implement financial recovery within an agreed time frame
b. Any action that should be taken by the Minister and/or the Chief Executive of the funding agency to ensure the delivery of financial recovery and quality improvement and
c. How progress is monitored and reviewed, taking into account the funding agency's regular monitoring arrangements.

Overview of the College

North Hertfordshire College is a medium sized GFE based on two main campuses in Stevenage and Hitchin. The college is one of four FE colleges that operate in the county.

The college operates under the Hart Learning Group brand, which also covers Hart Learning and Development and the Harts School Trust. Hart Learning and Development is a business unit of the college.

The college corporation sponsors the Hart School Trust, which is a separate legal entity, with its own Board of Trustees, and whose financial accounts are distinct from those of the college. The majority of the college's 16-18 year old learners come from within the county with a small percentage from Bedfordshire.

The college primarily delivers 16-19 study programmes, having around 2000 learners a year, and is the third largest 16-19 provider in Hertfordshire.

Leadership and Governance

Role, Composition and Operation of the Board

The current principal of the college was appointed to this role on an interim basis in December 2017 following the departure of his predecessor. He was subsequently appointed to the role of chief executive in April 2018. He has good FE experience and is focused on quality improvement and accurate forecasting. He has been well received by the staff and is highly visible and approachable.

The relatively new chair of governors was appointed in December 2017. The board has 14 members, with 9 external members and there is active recruitment for two more. There are three internal members, the CEO, a staff member and a student. There are 6 board meetings annually, 12 committee meetings and an 'away day'. In addition, the board visit college departments, go on learning walks and meet learners. Normally, an appointment to the board is for four years.

The board operates four committees: Audit, Quality and Innovation (Q&I), Remuneration and Search. There is no separate finance committee and this needs correcting at this time of financial crisis for the college.

The corporation is supported by a clerk/company secretary. Several new members have been recently appointed to strengthen the board and this process is continuing. The Ofsted inspection of 2017 was complimentary about the board. However, it did not explore their financial stewardship skills.

Governors regularly visit curriculum areas in the college and have good commercial and financial experience. The board carries out self-assessments and skills deficit analyses. The chair of audit is very experienced. It is felt that the current board with its recent appointments will be minded and able to offer the executive meaningful challenge.

The current chair and CEO are facing a financial crisis which threatens the future of the college. Currently, the business is viable only with temporary government support via EFS. The previous college leadership, supported by the previous board, pursued a growth strategy and when this growth did not yield the expected income, the college ran out of cash. The ESFA had expressed concerns about the situation for a number of years.

The chair is confident that the current chief executive can deliver the financial recovery. The chair expressed confidence in the chief operating officer (COO) and the group financial director (FD), but agreed that they would be subject to enhanced scrutiny during this crisis period.

The previous chief executive who, as accounting officer must take responsibility for the setting of the 17/18 budget, did greatly improve the management information in the college and corrected issues of accuracy and led the college to a very successful outcome in its last Ofsted inspection.

The clerk to the board joined in February 2016, following a period of several months where there was no clerk. The clerk reports that there is now significant challenge from the refreshed board who indeed initially rejected the current budget. The clerk described the chair of audit as forensic and forthright and appreciated the need for a finance committee to be established. He rejects the view that the board displayed an unusually high appetite for risk and asserts and that they were following government policy, especially around apprenticeship expansion. The clerk must ensure the board receives appropriate monthly management accounts in line with sector best-practice.

Following recent budget failures the board must increase its scrutiny of the senior team. The chief executive has the necessary background to ensure the group FD and the COO understand the significance of their forecasting. To function well the chief executive needs strong management accounting and detailed cash-flow forecasts so that he can fulfil his role as chief accounting officer for the college.

Leadership and Senior Management team

The ESFA appreciate the openness and style of the current chief executive and appreciate that he has inherited a difficult situation. The chief executive's focus is on teaching and learning.

The group FD should be made a senior post holder, reporting directly to the board where their enhanced scrutiny can ensure that future forecasting and budgeting is accurate. The future of the college may be a medium sized locality focused further education college with a smaller turnover. As such, the board should consider whether a group finance officer and a COO are required for a college of that size and whether a high quality finance director with an enhanced role may be sufficient. There appears to be a good pool of talent beneath the college executive which could directly support the chief executive in due course.

The COO is closely involved in the imminent estate plans of the college and so her role is crucial to the recovery. The chief executive appears confident that she will make a valuable contribution. Confidence in the wider team would be enhanced if the group FD reported directly to the board and communicated frequently and clearly about budget progress, risk and options. It is crucial that the monthly management accounts are presented by the group FD to the board via a finance committee on a monthly basis and not through a chief executive report. The management accounts must be of an AOC format and be transparent through commentary concerning variation and risk.

From October 2017 to March 2018 warnings were issued on income to the board but corrective action failed to avert a financial crisis.

The board undoubtedly increased its level of scrutiny of the budget throughout 2018. However, it is questionable as to the level of challenge and testing that took place at budget sign off in June 2017. It is acknowledged that government policy was driving increased apprenticeship activity, but most other colleges in the sector took a more measured view of likely growth.

As late as 2015/16 the college had a weak management information system (MIS) and new systems had not been properly implemented. Teams did not have a customer/client focus and the MIS team did not have the correct skills set. Information from MIS was inaccurate allowing over-optimistic forecasting to contribute to failure. It is questionable whether business planning around apprenticeship targets was as transparent as it should have been. It was not until the first quarter of 2017/18 that good quality information dashboards were available. This situation has now been turned around and the curriculum knowledge and style of the current chief executive should ensure more realistic forecasting.

Curriculum and Quality Improvement

Curriculum overview

The curriculum offer is mainly vocational and in addition to engineering and construction includes hair and beauty, catering, sport and public services, business, tourism, creative arts, science, IT, childcare, health and social care, access and employability programmes for 16-18 year olds and adults.

The college's higher education offer includes BSc extended degree in science, HNC/HNDs in engineering, art, fashion and sports science. Foundation degrees offered are in early years, business management and computing technology.

The apprenticeship provision is delivered through its Hart Learning and Development (HL&D), and delivers programmes to around 1,500 learners. It includes engineering, construction, motor vehicle, business support, health and care, retail, sports and fitness and management. In 2016/17 leaders and managers took the decision to no longer recruit apprentices through subcontracted arrangements as the proportion of apprentices who completed within their planned timescales was too low and ambitious recruitment targets had not been met. All new apprentices are now enrolled as direct provision.

Ofsted inspections

The college was inspected by Ofsted 31 October to 3 November 2017 and was judged as good for overall effectiveness, effectiveness of leadership and management, quality of teaching learning and assessment, personal behaviour and welfare, outcomes for learners, 16 to 19 study programmes, adult learning programmes and apprenticeships. Traineeships and provision for learners with high needs were judged as outstanding.

The inspectors recommended that the college continued to improve the quality of English and mathematics, improved learners, trainees and apprentices understanding of radicalisation and to ensure that a higher proportion of apprentices complete their programmes within the expected timescales.

Quality improvement

Since the inspection, the current chief executive has introduced a number of changes to increase the focus on improving the quality of apprenticeship provision. In addition to reducing the subcontracted provision he has reviewed and re-structured the management and brought all of the apprenticeship staff onto the main college campus in Stevenage.

At the time of the intervention assessment it was too soon to evaluate how successful these strategies will be in improving timely achievements for 2018/19.

Heads of department attend monthly quality review meetings with the chief executive when key indicators of improvement and their targets are discussed and challenged. This includes attendance, retention in vocational and English and mathematics for every programme, achievement rate forecast and progress of lesson observations against standards required. The data dashboards used to inform the reviews clearly report on quantitative as well as qualitative data, identify any programmes below the minimum standard of performance, students at risk of not achieving and the emerging strengths and areas for improvement.

The Quality Improvement Plan (QIP) 2017/18 articulates a clear and measurable range of actions to address the areas of improvement raised at inspection and maintain the strengths. At the time of the intervention assessment the QIP for 2018/19 was in draft format. However, areas for improvement have been identified and will be taken to the (Q&I) committee for scrutiny at their next meeting in October.

Curriculum planning

The curriculum planning for 2017/18 lacked cohesion. The projected forecast for new apprentice starts for 2017/18 was over estimated and unachievable. Governors failed to scrutinise and challenge the apprentice growth targets and did not recognise, in time, the adverse impact that not delivering the curriculum plan was having on the college income and expenditure.

The apprenticeship growth targets for 2017/18 arose from a desire to meet the government agenda for growth in apprenticeships. Insufficient account by leaders and managers had been taken with regard to timescales for engaging with large employers, the effect of the levy, the introduction of the new standards and the declining quality of provision delivered by the subcontractors. This resulted in a failure to secure the substantial revenue required to deliver the planned contribution.

Lessons have been learned from this experience and applied to the curriculum planning process for 2018/19.

Attendance

Provisional overall attendance for 2017/18 is 87.7% and punctuality is 98%. This is a slight decrease from the previous year of 1%. Most programme areas maintained or improved attendance and the overall decline is a result of poorer attendance in construction and engineering at the engineering and construction campus (ECC). At the time of the Ofsted inspection the large majority of learners were punctual to lessons and attended well. However, attendance on discrete English and mathematics whilst improving remains low at 70.8%.

Measures have been taken this academic year to improve attendance including curriculum directors spending more time at ECC, monitoring attendance more closely and changes in the senior and middle management of English and mathematics.

Outcomes

Outcomes for learners have been sustained with overall achievement at all levels for all ages for 2016/17 at 86.4% and predicted to be the same for 2017/18 when all achievements have been accounted for. Achievements for 16-18 year olds have improved slightly from 79.9% in 2016/17 (QAR), just below the national benchmark, to 80.9% in 2017/18 (pro-achieve).

In English and mathematics for all 16-19 year olds achievements have improved. GCSE mathematics improved by 3.6% and now has an achievement rate of 83.3%. GCSE English improved by 6% and now has an achievement rate of 80.7%. Achievement rates for Functional Skills maths have improved by 1.8%, now 60.6% and for Functional Skills English by 2.2%, now 65.2%.

For 19+ learners functional skills achievements in maths has improved by 2.6% now 60.4%. However, achievements in English have declined by 4% and are now 52.7% for this age group.

Achievements for the apprenticeship provision in 2017/18 delivered by subcontractors have declined overall by 5.1% on the previous year and timely achievements by 7%. These results now stand at 60.1% overall and 41.5% timely. The outcomes for apprentices delivered directly by the college have improved by 4.4% overall and 9.8% for timely achievements. The achievements for direct provision are 67% overall and 48.7% timely. However, the numbers of apprenticeships delivered by subcontractors is more than twice as high as those delivered directly by the college in 2016/17 and again in 2017/18.

The rate for the improvement of achievements for 16-18 year olds is slow and at 80.9% for 2017/18 is still slightly below the 2016/17 national average of 81.5%. Apprentice achievement in the subcontracted provision both overall and timely has declined in 2017/18 and although there are improvements in direct provision this is from a low base for timely achievements in 2016/17. In 2017/18 subcontracting accounted for 77% of leavers.

Teaching, learning and assessment

The inspection in 2017/18 judged the quality of teaching, learning and assessment as good and cited a number of key strengths including, that the large majority of teachers used their experience and knowledge of their subject well to plan and manage effective activities for learners.

The self-assessment process for 2017/18 is underway and leaders and managers have provided clear guidance on this process. Individual curriculum departments have completed their self-assessment reports (SARs) for 2017/18 with support and challenge from the quality team and external adviser who is an ex-Ofsted Director and HMI. The SARs were further scrutinised through SAR validation panels, chaired by the chief executive, senior managers and the chair and vice chair of the Q&I committee.

The SARs are well developed and the judgement grades appear accurate, recognising that motor vehicle and welding, construction, English and mathematics and apprenticeships require improvement. Actions for improvement have been identified in curriculum QIPs and are in the process of being validated by the quality team.

Provisional organisational SAR grades judge the quality of teaching, learning and assessment to continue to be good with apprenticeship provision requiring improvement.

Leaders and managers have in place a programme of staff development designed to improve the professional practice of teachers aligned to the areas of improvement identified in the self-assessment process. These programmes are supported by learning improvement facilitators (LIFs).

Teaching, learning and assessment performance is reviewed through lesson observation, learning walks and reported and evaluated at the monthly performance boards chaired by the chief executive and senior managers.

Tutors undertake progress reviews with each of their students during the five progress review weeks evenly spaced through the academic year. The quality team audits the learning management system to ensure students are being set meaningful and stretching targets.

Student views

Students and apprentices speak positively of their experience of the college. They feel supported to achieve through extra sessions as required, helpful and supportive staff and being treated like adults.

College-wide areas for improvement raised by students, such as the setting of regular homework and the lack of feedback from student reps through student voice will be added to the QIP for academic year 2018/19.

Staff views

Staff spoke positively about working at the college and the culture created by leaders and managers which many described as being supportive with everyone trying to do their best for students.

The staff interviewed at the time of the FEC assessment had noticed positive leadership changes since the current chief executive was appointed. They described him as highly visible, giving clear direction, providing stability, and at the same time being rigorous in holding them to account.

Effectiveness of the college to manage and improve quality

College leaders and managers have brought about improvements in the quality of provision, and with the exception of subcontracted apprenticeships, they have sustained those improvements, despite some turbulence with leadership and governance changes.

Performance review meetings, chaired by the chief executive, are held every month with curriculum directors and heads of department to review the progress students and apprentices are making. There is a stronger focus in these reviews on the utilisation of staff, recruitment, alongside attendance, retention and achievements.

The head of teaching and learning oversees staff training and development. The chief executive monitors this work through performance boards.

The Q&I committee of the board meet six times a year and receive mostly accurate information from senior managers.

The top-level actions of the QIP are monitored by the Q&I committee. Senior managers provided quarterly progress updates that are RAG rated. At the May meeting of the committee it was reported that reasonable progress was being made in the quality of teaching, learning and assessment and outcomes for apprentices. This was clearly not the case and should have been identified as insufficient progress. A project team has now been established to monitor and more closely manage the high-risk subcontractors. The project team meets weekly to review progress and implement strategies to support learner completion.

Board members should now request from senior managers a more detailed recovery plan for the apprenticeship provision clearly detailing risks, mitigation, the actions taken, accurate assumptions on progress and clear measures of success.

Curriculum directors, heads of department and other middle managers have a clear understanding of what they are accountable for including income and expenditure.

Key areas for improvement are apprenticeships, construction and engineering. The board should relentlessly monitor these required improvements.

Finance and Audit

Financial performance 2017/18

The forecast operating deficit is still subject to year-end adjustments and audit. There was a major adverse variance from the budget and caused by not achieving budgeted income.

The college's financial health status forecast is 'Inadequate'.

The major variances from the budget are set out below:

- The college planned income in relation to a number of key income streams was too optimistic.
- The college budgeted to deliver a significant value over its 16-18 allocation through subcontracting. This was not delivered.
- The college had planned for a significant increase in its Apprenticeship income million. However, only 60% of this was achieved.
- The planned 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.

In response to the downturn in income the college did reduce both pay and non-pay expenditure. However, this was insufficient to meet the reductions in income and increased subcontractor costs.

Financial forecast 2018/19 - 2019/20

The forecast deficit and resultant EBITDA for 2018/19 are insufficient to cover loan repayments. The future repayments of the loan is subject to the successful sale of land.

The automated financial health of the college is judged to improve from Inadequate in 2017/18 to Good in 2018/19 and Outstanding in 2019/20, however the College has self-assessed itself as Inadequate in 2017/18, Satisfactory in 2018/19 and Good in 2019/20

The budget is predicated on increases in income and reductions in pay expenditure. The main assumptions are discussed below:

- 16-18 income is set to fall in 2018/19 based on the lagged funding model. Early indications are that the college should achieve the allocation.
- The college are seeking to grow apprenticeships and traineeships. The college are confident of achieving this as starts originally planned for 2017/18 are achieved in 2018/19. This is an area were the college significant failed in 2017/18 and should therefore be monitored closely.
- The college are reducing pay expenditure largely by reducing support services and eliminating posts created for the large increases in apprenticeship income in 2017/18.
- The college are reducing sub-contracting expenditure. The college significantly increased its sub-contracting costs last year as it failed to deliver planned numbers in house.

Whilst planning for 2018/19 has improved from 2017/18 there is still a risk that the planned increase in activity and in-house delivery are not achieved. This would reduce income and increase sub-contractor costs. It is therefore important that a robust review of enrolment is undertaken in October to confirm that the budget is achievable. We recommend that the recently commissioned independent review of the college should determine whether both the 2018/19 budget and assumed land sale is realistic and achievable.

The operating deficit has had a significant adverse effect on the college cash-flow and it is assumed that this will not recover allowing the college to repay loans and EFS from the proceeds of land sales.

Financial (budgetary) control, management and record keeping

Budget Setting 2017/18

The budget setting for 2017/18 was poor, particularly in relation to Hart Learning and Development. The apprenticeship income assumptions were based on delivery in April 2017 with an assumed delivery from May to July 2017. This income did not occur to the extent the college assumed and therefore the carry in figures into 2017/18 were considerably lower than planned. Whilst detailed curriculum planning was in place for the rest of the college, Hart Learning and Development was treated differently with targets being set for apprenticeship income and full cost income without detailed numbers and costings. The apprenticeship income was ambitious and the contribution levels set were not achievable

The college was budgeting for a contribution from direct apprenticeships that was not achievable or realistic. The college has made a number of improvements to the 2018/19 budget setting process. These include:

- More prudent assumptions on income
- Hart Learning and Development has been included in the college wide curriculum planning process
- Contribution from activity is more prudent
- Profiling of apprenticeship income is prudent and is not backloaded.
- Calculating the carry in from apprenticeships is carried out at a later date

Nevertheless, the college should review the assumptions in October 2018 to ensure that enrolments to date are in line with the budget assumptions.

Management Accounts 2017/18

Financial control and management accounts have not been effective in controlling or reporting on the adverse financial performance of the college.

The college was aware of a potential underperformance against the budget and reported this in the narrative to the management accounts. However, despite carrying out a review of the income the true size of the problem was never identified and reported on. During the year the actual deficit to date was always considerably higher than the forecast deficit with the college assuming activity later in the year would correct the situation

The management accounts did not comply with best practice in a number of important aspects:

- Management accounts were not produced for September and April.
- The cash-flow forecast was only to July 2018 and is not a 12-month rolling forecast. Anyone reading the accounts could not therefore see the emerging cash-flow crisis after July
- Performance against bank covenants was not shown. This will become more critical in 2018/19 when the covenants are revised.
- There was no student information or staffing numbers included. Those reading the accounts could not therefore compare monetary values to the underlying performance.
- The balance sheet was not included
- The management accounts did not go to the board, an extract was included in the principal's update. Governors therefore did not have information on which to fulfil their fiduciary duty to the college.

The FEC team recommend that the college review the management accounts in comparison to the AoC good practice guide and make the necessary adjustments as a matter of urgency. The management accounts should be prepared for each month from September onwards and the budgeted position should be the same as the management accounts. The college should ensure it has sufficient resources to be able to complete monthly management accounts and prepare budgets and prepare the accounts. The management accounts should be received by the board on a monthly basis so that they can fulfil their fiduciary duty to the college.

Internal and external audit

The risk management strategy does not identify the immediate risks to the college such as:

- Failure to achieve 16-18 student numbers.
- Whilst failure to finalise contracts is included, the risk of not achieving significant growth is not specifically referred to, nor is the assumption of very high contributions from this delivery.
- The failure to achieve an increased allocation for traineeships is included but not the risk of achieving high growth in a relatively new income stream where there is no track record of performance
- High levels of full cost work, which were largely based on targets not detailed course offerings, were not included.

It is recommended that the risk management strategy be reviewed as a matter of urgency with identification of key financial risks included.

Estates and Capital Plans

Capital Developments

The college is undertaking significant estates plans that involve land sales upon which the financial forecasts of the college are dependent. The scheme is still at an early stage.

The college has marketed a site and have agreed a purchase price with a developer but significant issues remain before the sale can take place. The college is planning to resolve these issues by the end of January 2019.

The college has had pre-application meetings with the planning authority and is confident that the sale will be approved. The likely timescale is that plans would be submitted in June 2019 with planning permission in September – December 2019.

The college anticipates making a bid to the local LEP for a contribution to the capital expenditure. This is not included in the college estimates at present.

Conclusions

The college has suffered a financial crisis, culminating in a request for EFS that was made in August 2018. The corporation has run out of cash and is projected to need £4.6 million of support. The college can repay this EFS and other debts, carry out some redevelopment and have some working capital if it concludes a land sale. This deal has not been concluded and there are risks that could materialise. However, current indications are that the deal is likely to be concluded and that a tranche of cash will be available to the college in December 2019.

In the meantime, there is a need for bridging finance. The college must work up a plan for recovery other than the land sale and must focus on business right sizing and cost controls. The college may receive a windfall VAT receipt which will assist its current recovery.

Leaders and managers have failed to scrutinise sufficiently the quality of provision delivered by subcontractors and have presided over a decline in overall and timely achievements of subcontracted apprenticeships. However, there are now good processes in place for monitoring and evaluation and a more rigorous curriculum plan is emerging.

The apprenticeship operation is now concentrating on direct delivery and is closer to the heart of the college. This should result in a more integrated and well-planned approach in the future, capitalising on good relationships with some major clients.

The current chief executive is trusted and respected by staff and is capable leading recovery. He is engendering a culture of openness and increasing the focus on teaching and learning and serving the immediate locality.

There is reasonable confidence that the senior team including the chair and chief executive can deliver recovery. The proposed land sale, that is a significant component of the college's financial recovery plan, appears to be a reasonable approach given the locality and the relatively high land values.

Recommendations

1. The college's management accounts and commentary must go to the board on a monthly basis to ensure governors comply with their fiduciary duty. They must comply with AOC best practice. Currently, management accounting and its reporting are not fit for purpose.

2. The board and the chair should reassure themselves that the principal and key members of the senior management team (SMT) are able to lead the college to financial recovery by closely monitoring and challenging them. They should also review the SMT's role in the recent corporate failure which resulted in the need for EFS.

3. The FEC team will revisit the college in December 2018 to evaluate progress towards recovery, including land sales.

4. Achievements for 16-18 year olds, apprenticeship timely achievements and performance in maths and English should be quickly improved and closely monitored.

5. The forthcoming independent report should determine whether the 2018/19 budget is realistic and achievable and that the crucial capital receipt through land sale is also realistic and achievable.

6. The group FD, should be a senior post holder reporting directly to the board as their financial advisor and should undergo greater scrutiny, challenge and review. He should be asked to prepare an alternative plan to repay EFS in the event that land sale proceeds do not materialise or are delayed.

7. The college should review the structure and mission of the college and consider divesting themselves of non-core business elements. This would result in a smaller GFE college with integrated apprenticeships serving its locality and could result in management savings.

8. Historically the board has displayed an unacceptable appetite for risk, resulting in corporate failure and this approach must cease. The use of public money demands measured responses from the board based on accurate and well analysed officer information.

9. In the current absence of a finance committee, a task group of governors, SMT and funding agency (ESFA) should be quickly established to drive and monitor recovery. It should have a direct report to the board and should meet monthly.

10. The risk register is considered to be inadequate and must urgently be reviewed and improved in line with sector best practice.

11. The college should immediately be placed in Administered Status with the ESFA as observers on the board. The funding agency and FEC will monitor key decisions.

Annex A - Information reviewed

ESFA college briefing
Area review recommendations
Job descriptions of the senior team
CVs of the senior team
Training undertaken by the senior team
Strategic plans
Teaching and learning observation practice
Comprehensive range of documents supplied to the FE Commissioner
Organisational chart
Various minutes of the board and subcommittees
Ofsted report 2017
Achievement rates
Governance plan and structure
Biographies of the senior team
TU application notes
Board biographies
Estates plan
Financial reports
Management accounts
Financial plan
Curriculum plan
Appraisals summary of SMT
Website information
SAR
Risk register

Annex B - Interviewees

Chair

Chair of Audit (telephone)

Principal/CEO

Head of Quality

Head of Curriculum Transformation

Director of Hart Learning & Development

Head of Employability

Group Finance Director

Finance Business Manager

Chief Operating Officer

Director of Corporate Services

Interim and Consultant

Clerk to the Corporation

Curriculum Director for Stevenage

Curriculum Director for Hitchin and ECC

Head of Hair, Beauty, Catering and ALS

Head of IT, Health and Childcare

Reporting Manager

Head of Information Services

Head of Teaching, Learning and Assessment

Head of Apprenticeships

Staff Group

Student Group

Department
for Education

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