



Department
for Education

FE Commissioner Intervention Summary: Stoke-on- Trent College

March 2020

Update on progress since FEC intervention assessment

Since the FEC intervention assessment, a national leader of governance (NLG) is now supporting the chair and board. The college has strengthened its finance team by appointing a permanent financial director, who is new to the sector. In response to the FEC recommendation that a permanent deputy or vice principal with responsibility for curriculum and quality be recruited with urgency, the college has appointed a temporary part-time interim vice principal curriculum and quality. Having received 3 consecutive Ofsted judgements of Requires Improvement for overall effectiveness, it is critical that sufficient leadership is provided for this priority.

Governance and leadership remain a concern. The college has confirmed with the ESFA that it plans to achieve a board-approved estate strategy by November 2020 in line with the FEC team's recommendation. The college has reported that its financial position has stabilised in recent months, as demonstrated in the July 2020 financial plan submission. The college's financial health is forecast to be Outstanding in 2019/20, 2020/21 and 2021/22.

As the FEC team highlighted during the intervention assessment, there is a need for the college to urgently invest in IT equipment, especially given the importance of online delivery for teaching and learning. Since the intervention assessment, the college has applied to the LEP for funding, which, if successful, will enable much needed improvements.

The college has reported that student recruitment in 2020/21 has been encouraging. College-opening and student and staff safety is also reported as having been effectively planned.

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FE Commissioner Intervention Summary

Stoke-on-Trent College

Name and address of college	Stoke-on-Trent College Stoke Road Shelton Stoke-on-Trent ST4 2DG
Assessment undertaken by	Richard Atkins - FE Commissioner Frances Wadsworth - Deputy FE Commissioner Esme Winch - FE Adviser Steve Campion - FE Adviser
Chair of the college	Jeremy Cartwright
Principal / Chief Executive of the college	Denise Brown
Clerk to the Corporation	Maxine Bagshaw
Date of assessment	9 and 10 March 2020

Background to FE Commissioner Intervention Assessment

Stoke-on-Trent College has been under a Notice to Improve (Nti) since 2014 and has received 3 consecutive Requires Improvement (RI) Ofsted judgements, most recently in October 2019. Since the initial FE Commissioner (FEC) intervention visit in 2014, the FEC team has visited the college a number of times to review progress against recommendations, conduct a local structure and prospects appraisal (SPA) and a diagnostic assessment. The college continues to face significant challenges.

A fresh FEC intervention assessment visit was carried out in March 2020 by a team that had not previously visited this college. Annex A sets out the information that was reviewed and Annex B sets out those people who were interviewed during the visit.

The FEC report is intended to advise the Minister and the chief executive of the Education and Skills Funding Agency (ESFA) on:

1. The capacity and capability of the college's leadership and governance to secure a sustained quality and financial recovery within an acceptable timetable;
2. any actions that should be taken by Stoke-on-Trent College to deliver a sustainable quality and financial recovery within an acceptable timetable; and
3. how and when progress should be monitored and reviewed taking into account the ESFA's regular monitoring arrangements and Ofsted monitoring visits.

Overview of the college

Stoke-on-Trent College is a medium-sized general Further Education (FE) college which is based in the city of Stoke-on-Trent. It has 2 campuses: Caudon in the city centre and Burslem about 3 miles away in the north of the city.

Learners at Stoke-on-Trent College predominantly reside within the local authority; however, some travel from Chester, Cheshire East, Cheshire West, Stafford, Staffordshire and Newcastle-under-Lyme.

Between 2004 and 2014, the college's income declined by more than a third. Commercial loans, which were agreed in 2004 for investment in the college estate, were no longer affordable in 2014.

By autumn 2014, the college had depleted cash reserves, large loan commitments and a large deficit, resulting in Inadequate financial health. A Notice of Concern (NoC) was issued in October 2014 and the college was placed in Formal Intervention (FI) by the ESFA. The NoC and FI status have remained in place for the past five and a half years.

The ESFA Territorial Team has written to the college to inform them that it will refresh the NoC (now called a Notice to Improve, NtI) following an assessment of the college's recently submitted Integrated Financial Model for Colleges (IFMC) and the FEC recommendations arising from the intervention assessment visit on 9 and 10 March 2020.

Between January 2016 and September 2017, the college received Exceptional Financial Support (EFS) to avoid insolvency.

The Stoke-on-Trent and Staffordshire Area Review concluded in June 2016. Its recommendation for Stoke-on-Trent College was "to secure sustainability, in collaboration with local partners, by the end of October 2016." However, the college's high levels of debt and Ofsted judgements made it unattractive to other colleges and it was unable to secure a merger partner. In February 2017, the FEC was invited to conduct a 'local' SPA to explore once again whether or not a local merger partner could be found. When no merger partner came forward, the Area Review Implementation board approved a revised recommendation for a 'Fresh Start' solution for Stoke on Trent College, alongside a strategic partnership with Staffordshire University.

Key actions that were agreed as being integral to Fresh Start included a change in governance and leadership of the college, along with the appointment of a turnaround director to drive a comprehensive review of its finances and plan for the curriculum, estates, financial and strategic direction of the college. This review allowed the college to make an application to the Restructuring Facility (RF) to reduce its loans liability. A total RF package was agreed and funds were paid to the college between September 2018 and March 2019. The RF stabilised the college's financial position and allowed it to undertake some capital investment in the estate. The college has made limited progress since Fresh Start in 2018.

Leadership and governance

Role, composition and operation of the board

There are currently 14 independent governors on the board (provision is for 15 in the instruments and articles, so there is one vacancy), 3 student governors, one staff governor (provision is for 2, with one vacancy for a teaching member of staff) and the principal/CEO.

A refresh of the board has taken place, with 7 new governors having been appointed at the time of Fresh Start and a further 4 new appointments being made in February 2020. Attention has been given to the length of service and the skills that the board needs to be able to appropriately steer the strategic direction of the college. The chair joined the board in September 2017. He has a strong and extensive business background.

The clerk outlined the difficulty that the college had experienced in recruiting to the teaching staff governor vacancy. The clerk explained that this was due to board meetings taking place during the day and the disruption that this would cause to teaching for any teaching staff governor. To address this, meetings will now alternate between evening and daytime. However, the FEC team recommends that the timing is reviewed further to secure a regular time that is least likely to disrupt teaching.

The transformation, finance and resources committee and the curriculum, quality and standards committee both meet on a monthly basis. The management time that is required to prepare and attend such frequent meetings needs further reflection. It goes beyond what would be considered to be productive oversight for the board, tying up executive time in report writing and attending meetings when there is much that they should be actively engaged in, and little time between the meetings on which to report progress.

Other committees and the main board meet 4 times a year, with an exceptional meeting in February 2020 to sign off the IFMC template and forecast.

The experienced clerk has worked at the college for 8 years, combining the role with similar roles at other institutions. She has previous clerking experience in FE prior to joining Stoke-on-Trent.

Minutes are sufficiently detailed and published in a timely fashion. It was identified that work on risk management had improved recently and was continuing to evolve, with the chief financial officer (CFO) leading work to improve practice at both college level and throughout the organisation.

Leadership and senior management team

The college has had a significant number of changes in the SLT over several years.

Following the departure of the group CEO in March 2017 through redundancy, 2 interim principals covered the period between March 2017 and July 2017. The current principal/CEO was appointed in July 2017.

The SLT has also experienced high staff turnover at tier 2 level. A vice principal finance and resources left in December 2018 after a year in post, and the interim replacement and head of finance both left at the end of July 2019. At this point, the college adjusted the structure to create 2 new posts: a CFO and a finance director (FD). An experienced CFO took up post in September 2019, being then the third financial senior lead in recent years. At the time of the FEC team's visit, the FD, though appointed, had not yet taken up the post, and the position was being filled by an experienced interim. The turbulence in financial leadership has been a serious concern and the stability that is now brought by the recent CFO appointment is a positive development.

Senior curriculum leadership has also experienced significant change. The vice principal curriculum and quality left the college in December 2019. Her departure followed an Ofsted inspection, resulting in a Requires Improvement assessment. This post has not yet been filled.

The current SLT now comprises the principal/CEO, CFO, 4 executive directors (MIS, human resources, curriculum and quality) and the managing director of commercial.

The principal/CEO is taking on the leadership of quality for the college herself, in addition to her CEO responsibilities. There is clearly a significant long-term quality improvement challenge to address and it is concerning that the principal/CEO is absorbing this role in addition to her other responsibilities. This carries a significant risk that aspects of either the CEO role or quality leadership will not be covered adequately.

A turnaround director was appointed in February 2017 to lead on the college's business plan and restructuring fund application. She continues to be employed by the college. Though the chair has valued the input to the board, the length of time that this resource has been in place, combined with the cost and impact that she can achieve now that an experienced CFO is in place, requires urgent review.

Strengthening of the HR function and business partnering with areas of the college was welcomed by many of the staff the FEC team met. Coaching of managers was described as effective and work to support and build teams is in progress, though it was too early to determine impact. Similar team building for the executive team has not yet taken place.

The staff survey, which was reported to the board in May 2019, gave leaders and the board clear sight that there were serious staff concerns regarding leadership and management of the college that needed to be urgently addressed. A substantial percentage of respondents disagreed or strongly disagreed with the statement that, "The college is well led and managed". Of respondents, teaching and assessing staff were in the majority.

Feedback from the October 2019 Ofsted inspection further underlined the seriousness and degree of the low staff morale. Action to address this is now in place and a workforce engagement strategy has been established. This has led to a number of initiatives, such as a staff recognition scheme, 'Totally Me' (a cultural alignment programme), 'Shut up and Move on (SUMO)' workshops, staff suggestions being welcomed and a 'back to the floor' activity, where the principal/CEO spends time experiencing working in different parts of the college. A staff survey is about to be issued, which will indicate what impact these measures have had.

Curriculum and quality improvement

Courses are offered in most subject areas, from entry level to level 4, with around two thirds of learners on study programmes at level 3 and below. The majority of apprenticeships are at level 2. The college works with one subcontractor to support the delivery of performing arts qualifications.

The college had recently trialled the introduction of A level provision but has since removed this offer from the portfolio as it was not deemed to be successful.

14 to 16 provision is currently under review with a consideration being given to whether this provision might be better delivered elsewhere.

The college is not currently in a position to be able to offer T level qualifications.

Curriculum planning and development

The college's curriculum planning strategy 2019/21 was shared with the FEC team along with the process by which it was arrived at. The SLT has brought in a bottom-up approach to the curriculum planning process, involving teams from across the college, and has established a working group of staff and governors with analysis of available data on demographics and market share in determining the offer and suitable targets. Managers said there was now a clarity of process and a shared understanding of the key aspects of curriculum and business planning.

The recently introduced 4cast system is installed and being used for the first time by managers who reported that it is developing their understanding of curriculum and business planning. The central priority of a curriculum offer that ensures progression pathways was outlined by managers, with decisions on qualifications and level of qualifications to offer to students to ensure steppingstones in provision to match learner and employer needs.

Managers noted that 4cast is a tool that is aiding them in achieving clarity in decision making regarding course viability and development of a costed curriculum plan.

Quality improvement and self-assessment

The college has now had 3 successive RI assessments by Ofsted. The latest was in October 2019.

Three grades within the Ofsted judgements in October 2019 had improved from RI to Good (personal development, adult learning programmes, provision for learners with high needs), but all other assessments were RI, including leadership and management.

The college's self-assessment judgements match those of the October 2019 Ofsted inspection, but in some areas detail of strengths would merit further analysis and reflection.

The 2018/19 self-assessment report (SAR) picks out as a strength that, "Senior Leaders have high expectations of their staff. Leaders now manage the performance of staff effectively and, where staff are unable to meet leaders' expectations, they leave the organisation". However, Ofsted found and reported in their October 2019 report that, "Leaders should set higher expectations of teaching quality and support managers..." and, "Governors must ensure that leaders' improvement actions lead quickly to learners and apprentices knowing more and achieving their best".

It is of note that, whilst some managers in meetings spoke of an embedded and robust performance management process, a recent college internal audit report indicated that, when samples were tested, there was a significant issue with lack of compliance that required addressing. The college journey of improvement will need to address compliance and consistency across the measures that it introduces to secure standards.

Many of those whom the FEC team spoke with mentioned problems that a capital programme over-run had caused for the year start and how this had impacted upon the student experience. A priority that was expressed was to learn from that and to ensure that the 2020/21 year start was well planned for.

Recently appointed managers in the restructured organisation are developing in their roles and are enthusiastic in their approach to improving teaching, learning and assessment (TLA). Meetings are taking place using real time dashboard data, which focuses on addressing TLA and key performance indicators of students' in-year performance. There was a recognition that performance of 16 to 18 year old students across apprenticeships and full-time provisions was below the national average in 2018/19 and needs further work in terms of both retention and achievement.

The executive director of quality works closely with the executive director of curriculum to progress shared leadership of curriculum and quality development and improvement across college. Both previously reported to a senior post holder, the vice principal curriculum and quality. They now report directly to the principal/CEO.

The executive director of quality leads a cross college group to co-ordinate TLA improvement work as part of the wider college improvement plan. This includes a number of initiatives (e.g. Teacher on a Page, Star Practitioner CPD programme, introduction of Smart Assessor MI system). A team of 'Learning and Performance Inspectors' are being recruited to develop and assist staff identified as requiring support.

The enthusiasm with which the executive director quality and executive director curriculum are approaching their work is commendable. However, the lack of a senior lead to direct and for them to report to, other than the principal/CEO, remains a concern.

A clear focus on the essentials that are required to improve teaching and learning is clearly at the heart of the many activities and strands but streamlining and sequencing would assist clarity and a focus on the most important areas to address first.

Trends in student recruitment

Numbers of 16 to 18 year old study programme learners have declined by 9% in recent years. No further growth is assumed for 2022.

The number of 16 to 18 apprentices has declined by 11%, with 19+ numbers falling by 52% during the same period. Modest growth is assumed in the forecasts for 16 to 18 year olds.

Student views

Students whom the FEC team met were positive about their courses and college life.

There were particularly positive comments about enrichment, work experience and volunteering opportunities. Students who had engaged in peer mentoring were very proud of the service that they had offered in supporting others during their time at college. They were positive about the impact that this had had on those whom they had assisted and what they had personally gained from this. There was recognition of the good support, advice and guidance that many of them had received to help them determine their next steps in learning and life.

There were a number of comments about poor IT equipment and how this had affected student learning.

Staff views

The college has been through a period of significant challenge: changes in senior management, a third RI Ofsted outcome, and a turbulent year start with a building programme that had overrun and disrupted year start arrangements. These issues were all cited as factors that had affected staff morale. The low morale was reflected in a recent staff survey and feedback given to Ofsted during their inspection.

The recent restructuring of management posts had brought some further staff concerns and disruption to the fore. Despite this, those managers and staff whom the FEC team met were positive that the new structure and clearer, flatter arrangements for curriculum management more appropriately fitted the needs of the college and learners.

Staff whom the FEC team met also said that staff morale was improving and communication around the college was better than last year. The principal/CEO's higher profile across college and 'back to the floor' activity was welcomed, as was the recent staff recognition scheme.

The trade union representative was positive about her engagement in a working group looking at how to improve staff morale, which HR was leading. A staff survey was just about to take place when the FEC team visited and there was a confidence that this would yield a much-improved response.

Finance and audit

Recent financial history and forecasts for coming years

In the 2019/20 IFMC, earnings before interest, taxes, depreciation, and amortization (EBITDA) as a percentage of income is forecast to meet the FEC benchmark.

Financial health for 2019/20 was planned as Requires Improvement. With the introduction of a new CFO, who is supported by an interim FD and the restructuring facility, the college financial position appears to have stabilised, with some unrealistic budget assumptions for 2019/20 now addressed and a forecast for the full year that remains achievable.

The recently completed IFMC and the January 2020 management accounts were reviewed during the visit. For 2019/20, the college remains on target to deliver to budget for the full year, returning to Good financial health. The IFMC sets out a stable position for the 2020/21 and 2021/22 years against a backdrop of limited income growth over this 2-year period. The IFMC forecasts Good financial health being maintained over this period.

The quality of the financial information that is provided to the leadership team is good and presented in a timely manner. There is evidence of understanding and appropriate scrutiny and challenge by governors at the transformation, finance and resources committee.

Financial performance 2018/19

2018/19 saw the release of funding by the Provider Market Oversight (PMO) as part of a Fresh Start programme. During the year, redundancies were completed to reduce staff costs going into 2019/20. Most of the savings were in support areas. The college therefore delivered an operating deficit before release of restructuring funds and bank loan break costs. This resulted in an RI financial health grading.

The college undertook a staff restructure of business support functions in summer 2019, resulting in a loss of circa 5% of the workforce. The new structure has been in place from the start of the 2019/20 academic year.

Financial forecast 2019/20 and 2020/21

At present, the college remains on target to deliver to budget for the full year and achieve Good financial health. Alongside the new CFO, a strong MIS team has been recruited, providing confidence that funding targets will be achieved and offering improved transparency of student numbers and of financial information to management and governors.

Staff costs are under control, with a full year IFMC forecast better than budget for 2019/20. This pattern will need to continue against modest growth projections over the next 2 years.

Original income budgets for 2019/20 have been reviewed, with income reducing in the IFMC forecast. Areas such as the college nursery have shown significant variances, with the IFMC forecast below what was an unrealistic budget for the year. Over the remainder of the year, the main risk appears to be educational contracts. The CFO, incoming FD and commercial team will need to keep this as a main area of focus.

The IFMC was approved at an exceptional meeting of the board prior to the release of funding allocations for 2020/21. The finance team estimate that income will actually be above that set in the model. Therefore, there is a potential upside not included in current plans and provides further mitigation against the small growth assumptions included in the IFMC.

Cashflow / liquidity

Following the working capital injection in 2018/19 as part of the Restructuring Facility, cash balances currently remain stable. The IFMC shows the cash position being maintained at an acceptable level throughout the 3-year period to July 2022, even at the low points in the funding cycle in March each year. An overdraft facility remains in place with Lloyds, but it has not been called on.

Financial liabilities / loans

Since the pay back of previous loans under the restructuring funds allocation, the college has just one long-term bank loan with Lloyds Bank. The college also has a repayable loan with the ESFA.

Under the bank loan agreement, the bank has legal charges over both sites and any disposal or change of use would require their consent.

Internal and external audit

The internal auditor's annual report stated that there was Reasonable Assurance in college systems and control. The external audit report for the financial statements at July 2019 was brief, with only minor errors or adjustments noted.

Estates and capital plans

Use and maximisation of college estates and assets

From 2017, the college had prepared, using independent consultants, an estates review and options appraisal which were used as part of the Fresh Start process. Although the Burslem campus was, at the time, much over spaced, the clear recommendation was to remain on the 2 campuses. One of the Burslem buildings is now being prepared for marketing for sale later this year, although it is yet to be decided what the proceeds will be used for.

The CFO is leading work to prepare an updated estates plan. The college does not currently have an accurate overview of space utilisation but hopes that the new timetabling system and improved MIS will correct this. The college completed a capital build project over summer 2019 for a library building and creative and digital teaching space.

There is not a planned maintenance schedule in place. The CFO is making plans to survey the estate for planned and reactive works. All health and safety works were reported as being complete.

Conclusions

The college has been through a period of significant challenge with an organisation restructure, 3 RI Ofsted outcomes, substantial change in the senior management team and low staff morale.

Actions are being taken to address the issues that were highlighted in the October 2019 Ofsted assessment through a number of quality improvement initiatives. It is too early to assess the impact, but there is a shared positive approach to the work that is required to address attendance, areas of poor achievement and to improve TLA. There has been no replacement of the vice principal curriculum and quality post yet, which the principal/CEO is covering as well as her other responsibilities. Given the many challenges that the college must address, this is unsustainable.

Staff whom the FEC team met were positive about improved communications and an increased engagement with the principal/CEO and other members of the senior team.

They commented that this and other measures that had been taken were having a positive impact upon staff morale.

Board and committee meetings are currently too frequent and taking up significant management time in attending and servicing those meetings.

A CFO has now taken up post, stabilising the college's financial leadership. The executive team would benefit from team building development.

Recommendations

1. The principal/CEO and her senior team should by July 2020 embed and continue to improve the level, quality and frequency of communication and heightened engagement with staff across college to further improve staff morale.
2. MIS across the college has improved significantly and rapidly, with 2 recent new management appointments. However, there is a need to ensure by October 2020 that there is appropriate training, roll out and engagement with staff so that they are provided with the data that they require and are able to use it with effect.
3. There is an urgent need for a senior curriculum and quality leader (deputy or vice principal curriculum and quality) to be appointed. The principal/CEO's own active leadership of quality work, alongside her other CEO responsibilities, is unsustainable. This recommendation should be completed by August 2020.
4. By May 2020, the number and regularity of board committee and other meetings should be reviewed and reduced. The current level of management engagement in preparing for and attending the number of meetings will be at a cost to the pace of recovery.
5. By May 2020, the current capacity of the finance team needs to be resolved by filling vacant posts with high quality candidates so that the CFO has the capacity to embrace the full sweep of her role. The merit of retaining any further turnaround support should be urgently reviewed.
6. By June 2020, the executive team should have dedicated support from an external expert to establish and strengthen the newly forming team. This support should be put in place at the earliest opportunity to build executive team members' respective strengths and optimal operating practices.
7. The property strategy needs updating by November 2020 when the condition survey is completed, and accurate room utilisation reports are available. The college will require some appropriate external support to develop an appropriate strategy

8. By July 2020, there needs to be an affordable 3-year replacement and improvement plan to upgrade IT hardware and infrastructure.

The FE Commissioner should conduct a further visit in July 2020.

Annex A - Information reviewed

Financial Plan 2019

Financial Record 2019

IFMC 2020 and commentary

Management accounts January 2020

Financial Statements July 2019

Estates strategy

Student numbers report

Corporation membership CVs and skills matrix

Corporation and Committee minutes and papers

Staff survey results

ESFA briefing

Risk Register

Annex B - Interviewees

Chair

Principal/CEO

Clerk

Lead Governors for Finance, Audit & Quality

Chief Financial Officer

Executive Director MIS

Executive Director Quality of Education

Executive Director Curriculum & Support

Executive Director of HR

Director Student Services

Directors of campuses

Interim Director Quality & Head of Apprenticeships

Head of MIS

Heads of Learning

Head of Estates

Managing Director Commercial

Union representative

Staff Group

Student Group



Department
for Education

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Reference: DfE-00179-2020



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