

FE Commissioner Intervention Summary: Coventry College

March 2020

Update on progress since FEC intervention assessment

Despite the impact of the COVID-19 pandemic and associated lockdown, since the FEC intervention assessment, governors have successfully concluded the appointment process for a new principal/CEO. Key objectives have already been discussed with the new postholder and success measures are being developed.

The strategic plan, including the future vision for the college, is currently being discussed. It is essential that this provides clarity and direction for the curriculum plan and future investment and estate strategies.

Despite only being in post for a short time, the new principal/CEO has made an immediate impact, especially on the clarity of communication, focus on standards and the student experience. There is still more to do, particularly in relation to developing an aspirational, accountable culture, and this is a key driver for the new principal/CEO and her leadership team.

Governance, especially test and challenge, has improved since the appointment of several new governors and a permanent clerk to the corporation; however, this is still work in progress, with a continuing need for senior leadership team reports to be of a consistently high standard to enable governors to contribute effectively.

There is evidence of progress with respect to curriculum and quality matters; however, systems and processes that have already been introduced, or that are planned, need to be embedded consistently across the whole college. The self-assessment process for 2019/20 is in progress and is likely to reflect the improvement that has been made while acknowledging the considerable work that is required in 2020/21.

The college has worked hard in recent months to address the key financial issues. This has included a strong focus on cash management, more realism around income forecasts, driving efficiencies through curriculum planning, a better understanding of the staff cost base and changes to the senior finance role. If the budget is delivered, college finances will start to improve and this will provide greater confidence for governors, the bank and other key stakeholders. That said, currently, the college lacks a strategic financial recovery plan that demonstrates how financial sustainability will be achieved over the next 3 to 5 years.

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FE Commissioner Intervention Summary

Coventry College

Name and address of college	Coventry College
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	Coventry
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Assessment undertaken by	Richard Atkins – FE Commissioner
	Steve Hutchinson – Deputy FE
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Chair of the college	Sue Noyes
Principal / CEO	Debi Donnarumma (Interim) / Gill
	Banks (Interim)
Clerk to the Corporation	Michael Wood (Interim)
Date of assessment	9 to 10 March 2020

Background to FE Commissioner Intervention Assessment

The College Oversight: Support and Intervention policy document (April 2019)¹ lists the triggers for a Further Education Commissioner-led (FEC) intervention assessment. Coventry College was referred for an FEC-led intervention assessment following the issue of a Notice to Improve by the Education and Skills Funding Agency (ESFA) on 4 February 2020 to report on the college's Inadequate financial health grade.

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

- 1. The capacity and capability of the college's leadership and governance to secure a sustained financial recovery within an acceptable timetable;
- 2. Any actions that should be taken by Coventry College to deliver a sustainable 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.

Annex A sets out the information that was reviewed and Annex B sets out the people that were interviewed during the visit.

Overview of the college

On 1 August 2017, Henley College Coventry and City College Coventry merged to become Coventry College. The college provides learning for all stages and all ages, from entry-level qualification through to degree level and specialist professional courses.

Coventry College has 2 main sites, which are situated on the previous sites of the former colleges: the Henley Campus and the City Campus.

Prior to the merger of Henley College and City College Coventry, City College Coventry was issued a Notice of Concern for financial health and quality. Ofsted assessed the College to be Inadequate in March 2013, Requires Improvement (RI) in June 2014, and Inadequate again in November 2015. This last full inspection prompted a renewed Notice of Concern in respect of quality in January 2016 and the college was referred for an FEC-led Intervention assessment from 16 to 18 February 2016. Following the merger, the college was removed from FEC intervention. The

¹<u>https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/82</u> 6898/College_Oversight_August.pdf

FEC team undertook a diagnostic assessment (DA) of the college in January 2019, which was followed by DA monitoring visits in May 2019 and November 2019.

Leadership and governance

Role, composition and operation of the board

The board follows a traditional model with 6 board meetings per year plus strategic planning and development events. There are audit, resources, standards, search and governance and remuneration sub-committees. There are 10 independent members plus a staff and student member. Seven new independent board members were appointed at the end of 2019 following an FEC recommendation that the board needed strengthening. The new appointees have added a good range of skills and experience to the board, including further education (FE) leadership. The sub-committee membership includes a balance of new and previous board members.

The permanent clerk left the college at the end of 2019 and the board is currently served by an interim clerk who has been asked to undertake a review of governance. The chair has accessed support from a National Leader of Governance (NLG) and found this beneficial. However, not all of the FEC DA recommendations have been followed through.

Although the chair has made improvements to the board's composition and operation, there are still areas for development and significant weaknesses to address. The performance objectives that are set for the chief executive officer (CEO) and the principal are still too broad, lack clear focus and do not include measurable outcomes. This is indicative of the way that governance and leadership at the college currently operates. There are too many strands of work and reviews underway at the same time, which makes it impossible for governors and leaders to prioritise the key areas that must be driven forward if the college is to address its financial and quality weaknesses. Governors need to provide clarity of direction, prioritisation and drive the pace of change.

It is nearly 3 years since the merger and only very recently has the harmonisation of systems, processes, and procedures truly commenced. Issues that the FEC team identified during the DA and DA monitoring visits have been slow to be addressed. Governors' decisions in dealing with senior staff issues in 2019 placed the interim CEO and interim principal in a difficult position. This issue is still not fully resolved.

Some people whom the FEC team met said that the board had not appropriately challenged the executive and questioned the financial performance and progress that had been made regarding the post-merger harmonisation of systems.

There have been delays in deciding to advertise for a new, permanent CEO/principal, which is adding to the challenges that the college faces because there are already 3 interim senior managers, plus the interim CEO and interim principal. Stability and permanency in senior leadership is essential and urgently needed at this college. The college has now started an external recruitment exercise to appoint a permanent CEO/principal, with final interviews scheduled to take place in May 2020.

In the main, minutes of governors' meetings do not evidence appropriate levels of challenge and scrutiny. Agendas are too long and do not adequately focus on the priority areas that need attention.

The CEO's report to governors is too descriptive. It should be structured in line with the priority objectives and key performance indicators (KPIs) that are set by the board. Currently, the board monitors too many KPIs, which dissipates energy.

Senior leadership reports to governors need improving. Their focus on key performance matters needs to be clearer and they should include executive summaries that bring to the attention of governors areas for discussion and challenge as well as management recommendations for approval.

In line with previous FEC recommendations, the board needs to urgently provide clear focus and direction to the senior leaders, including identifying key objectives and performance indicators that will have the greatest impact on the pace of college recovery that it wishes to drive forward and monitor.

Governors have started to consider whether the college has a future as an independent institution due to its current financial challenges. Some conversations have taken place with other local institutions. This could be an unnecessary and unhelpful distraction for governors and senior leaders at this time.

Some governors whom the FEC team met questioned their own effectiveness and culpability regarding some of the issues and challenges that the college faces. Upon reflection, some also identified areas where errors had been made.

Leadership and senior management team

The shadow board appointed a new CEO/principal for the merged college in 2017; however, the postholder left the college in April 2019 after circa 18 months in post. The current interim CEO, who joined the college as a curriculum and quality consultant in October 2018, was appointed to the role in spring 2019. The interim principal, who is currently the substantive vice principal (curriculum and quality), was appointed to the post in April 2019. Governors had confidence in both post-holders and extended their interim contracts until the end of the 2019/20 academic year, on

the understanding that a permanent CEO/principal would be recruited in late 2019/early 2020.

Prior to the appointments of the interim CEO and interim principal, very little postmerger harmonisation had taken place. Systems, processes, policies and procedures had not been addressed and there was no agreed merger and harmonisation strategy. The dysfunctionality of the senior team for most of the remainder of 2019 prevented necessary progress in merger harmonisation.

An example of the issues that were caused by the delay in harmonisation is that staff in the merged institution have not had a performance appraisal since the merger. It is only recently that a new appraisal process has been developed, agreed and rolled out. This delay has hindered developing a culture of high performance and created an environment where, in many instances, there is a lack of accountability and responsibility. In turn, these issues have impacted on the pace of change and the learner experience.

Leaders have now set up a recovery and transformation planning group, which meets weekly and is chaired by the interim CEO. A detailed plan is now in place and, since January 2020, progress is being made.

Several leadership and management positions are currently filled by interim and external consultant appointments, including in finance and management and information system (MIS). Whilst interim appointments and consultants can bring capacity, expertise and experience to a team, permanent posts provide stability and greater ownership and accountability.

The leadership and management team underneath the interim principal has been restructured, which has provided much needed clarity. Managers within the structure have responsibility across both campuses, which should help to create and consolidate a one-college approach. Further restructures are planned across functional areas during the remainder of this academic year.

The management meeting structure has been aligned and there is now greater monitoring and testing of curriculum KPIs on a regular basis. Management information, although improving, does not yet meet requirements and lacks accuracy and timeliness. There is no live data dashboard.

The business cycle planning, although improving, is weak and needs addressing by leaders and governors. Leaders and managers do not have an accurate understanding of staff utilisation and other key data that is necessary to manage curriculum efficiency.

The human resource (HR) function is underdeveloped and reactive rather than proactive. Focus on organisational development needs to be rapidly increased, especially with regard to cultural change and how to develop and maintain a college culture of high performance and accountability with students at the heart of all decisions.

Curriculum and quality improvement

Curriculum and provision overview

Across its 2 main sites, Coventry College's education and training provision is broad, encompassing 12 of the 15 sector subject areas. There is provision from entry level through to higher education (HE). The provision for 16 to 19-year olds is extensive and locally the college is the largest provider of apprenticeship programmes in construction and motor vehicle.

Young learners and adults at the college would benefit from further curriculum development so that learners can more readily access local and regional employment opportunities. This should include the college increasing its provision of work experience for young people, which remains underdeveloped. By the end of 2018/19, 53.2% of young learners had participated in work experience. This is compared to the college target of 98%.

Curriculum planning and development

During 2019/20, there have been some in-year improvements that have been introduced with respect to curriculum design and delivery. In relation to study programmes for young people, the college has introduced the setting of English and mathematics class groups at enrolment, which is linked with the prior attainment of learners. This has assisted in the sequencing of curriculum delivery in those subjects. However, as a whole, the college curriculum needs updating. For example, the college currently offers no regulated qualifications framework (RQF) qualifications and the movement from apprenticeship frameworks to standards has been slow. There is a curriculum planning process in place for 2020/21, with the first drafts of curriculum area plans scheduled to be available by the end of March 2020. It is important that the college makes significant progress with updating the curriculum content and design prior to the start of the 2020/21 academic year.

A further aspect of curriculum planning that is being revised is the development of a robust costed curriculum element to the curriculum planning process. This aspect of the planning process for 2019/20 was flawed and contributed to the financial issues that have emerged during 2019/20. In particular, the spend on agency staffing, which has escalated significantly beyond the original 2019/20 budget, is connected to the

curriculum offer not being costed appropriately as part of the budget setting process prior to the start of the current academic year.

Quality improvement and self-assessment

The college has a quality improvement plan (QIP), which incorporates improvement points arising from the September 2019 Ofsted inspection as well as its own self-assessment report (SAR) process. While the range of content in the QIP appears to be appropriate, progress has been slow and there is limited evidence of a positive impact on learner outcomes for learners completing at the end of 2019/20.

For 2018/19, qualification achievement rates (QARs) for the college were generally well below national averages. Year-to-date figures for 2019/20 indicate that student attendance and retention figures are falling slightly below 2018/19 levels. Attendance as of February 2020 is 79.9%, which is compared to the end year figure for 2018/19 of 80%, and retention is 95.4% as of March 2020, which is compared with 95.8% in March 2019. Given the comparative year-on-year attendance and retention patterns, any significant improvement in QAR outcomes for classroom-based learning in 2019/20 compared to 2018/19 is likely to depend on pass rates improving markedly. As of March 2020, the college had not sufficiently developed its in-year assessment monitoring and associated assessment modelling practices to provide evidence of a likely step change in pass rates.

With respect to apprenticeship provision, the college has not achieved the minimum standards that are set by the funding agency (ESFA) for this provision for 3 years in succession. There are approximately 430 apprentices currently undertaking their training at the college. However, there is a lack of evidence of in-year progress in securing improved trainee outcomes. The college's QIP notes that the revision to the terms of reference for the strategic group overseeing this work was delayed until February 2020.

Policies and processes that are aimed at improving teaching, learning and assessment (TLA) are being developed and introduced in-year during 2019/20. For example, a new quality strategy has been developed, discussed and approved as of January 2020. A key element of this strategy is the introduction of the key assessment points (KAP) system, which assists with the setting and monitoring of assessment activities on courses and programmes. The system has introduced a degree of rigour into the review of assessment practices across the college. However, achieving full utilisation of the system by all teaching staff remains a challenge. The comprehensive and college-wide use of the KAP system is fundamental if the college is to ensure the effective targeting of support for all 'at risk' students, which is also likely to impact on raising QAR rates. Aspects of the college's performance management framework are underdeveloped, especially the setting of staff appraisal objectives which support the quality improvement measures that the college is introducing, such as the KAP system. Recently, appraisal objectives have been introduced in-year with a target date for review that aligns with 2019/20 year-end outcomes. A further example of the college's improvement measures that would benefit from linkage with staff appraisal objectives is the impact of continuing professional development (CPD) activity that is undertaken to promote long-term learning, effective assessment practices and curriculum development. Currently, the linkage between such developmental activity and monitoring, and assessing the quality of delivery by individual staff, is underdeveloped.

The college is aware from its own evaluation, as well as from Ofsted, that data reports need to be substantially improved, ranging from the collection of base information to the subsequent analysis and appropriateness of the reports that are generated. There is evidence of a degree of improvement in-year. For example, the data that supports the KAP process is regarded as useful by curriculum managers and their teams. This includes attendance reporting, although the data that is available suggests that progress towards achieving the college's attendance target of 88%, or the national average of 85% in the sector, is not achievable in 2019/20.

Trends in student recruitment and retention

Based on the college's RO6 figures, adult learners and study programme learners are on target. For most of the other categories of enrolment, learner enrolments are continuing to increase in-year. However, HE numbers are down.

Retention at the college in February 2020 is below the level that was achieved in February 2019. The college's end-year overall retention for 2018/19 compares favourably with the national average. In overview, the negative classroom-based QARs at the college tend to be depressed by the pass rate element, although retention is certainly variable across the range of subject areas.

Student views

The FEC team met with 10 students during the intervention assessment visit. The students were drawn from both campuses and from the plumbing, medical science, applied science, health and social care, information technology (IT) and performing arts curriculum areas. The students reported that they feel safe at the college. The students feel that within the classroom and workshop environments student behaviour is good, but that in the common areas and outside areas, such as the car parks, student behaviour needs improving. They welcome the steps that the college can take to improve the ethos and atmosphere at the campuses, such as security monitoring the common areas.

On a range of issues, the students' feedback was mixed. While some of the students feel that their lessons are well planned and delivered, feedback on this was variable across the group. Feedback was also variable with regard to assessment practices, the quality of tutorial classes and the availability of curriculum related enrichment activities. The students would welcome more focused attention on the progression and destination opportunities that are available to them. The students acknowledged that their attendance is monitored, but that teacher attention on this matter is focused on the very worst cases.

Staff views

Staff whom the FEC team met during the intervention assessment visit acknowledged that during the first 2 years following the merger, there was little integration of purpose and processes across the newly formed organisation. There is a desire amongst staff for the college to be a success and staff expressed an understanding of the important role of the college in raising aspirations and achievement across the communities that it serves. Staff reported that communications from the college senior leadership has improved over the last 12 months.

Staff reported that they are aware of the college's current financial position and the need to reduce costs. Staff also noted with disappointment the Ofsted RI grade earlier this year, which they regarded as a fair judgement. Some staff were positive about the changes that were being introduced in 2019/20. For example, staff mentioned that management information has begun to improve during 2019/20, which is assisting course teams with the tracking of individual students on their programmes. There is a concern about the slowness of IT-based systems, which was expressed by both curriculum and support staff. Staff also acknowledged that appraisal objectives had been recently introduced. They feel that this will help to ensure that all staff work to secure improvements at the college.

Effectiveness of the college to manage and improve quality

One of Ofsted's key findings in September 2019 was that "Leaders' and managers' use of system and processes to judge effectiveness of improvement actions are not yet sufficiently sophisticated to give them a clear view of the progress that learners make". While there has been some progress with introducing appropriate systems, processes and associated reports since then, this progress has been slow. The full engagement of staff with newly introduced improvement measures has not yet been secured. Management information, though improving, remains underdeveloped and the attention of curriculum managers and their teams has not been focused sharply enough on securing improvements in the learner experience and learner outcomes as rapidly as possible.

There needs to be a step change in the pace of improvements with respect to curriculum and quality. The effort of curriculum managers and their teams needs to be more sharply focused on fully engaging with the improvement measures that impact on their learners. In terms of establishing a positive context for the considerable changes that are required of college staff, leaders and managers need to establish a culture of high expectations that reaches and engages all staff.

Finance and audit

Recent financial history and forecasts for coming years

The college set ambitious income growth targets in its post-merger business plan. These have not been delivered in the first 2 financial years following the merger. However, costs were managed and reduced accordingly and in both years the college delivered a strong earnings before interest taxes depreciation and amortization (EBITDA) performance. In 2018/19, the EBITDA was significantly above sector averages.

In the current year, financial performance has deteriorated significantly, with a negative EBITDA now forecast. A financial recovery plan is in the process of being prepared with support from external consultants. This is expected to be completed by end of May 2020 and will provide the basis for the financial performance over the next 2 years. Some initial modelling has been completed and used in submitting the integrated financial model for colleges (IFMC) to the ESFA at the end of February 2020. Numbers show that the college expects to be able to turnaround the current year performance.

Financial performance previous year to current year

The significant deterioration in financial performance this year is due to a combination of factors. Falling income was largely factored into the budget plan, with the largest reduction being the lagged funding impact of 16 to 18 learner numbers. However, in the budget plan, there was a key assumption of a saving in pay costs to be achieved in the current year. The delay in implementing these savings was highlighted in the report from the FEC monitoring team visit in November 2019. Despite the college stating at that time that there was a plan in place to deliver a significant proportion of the required staff savings, it subsequently transpired that far less of in-year savings had been achieved. Stronger and more positive actions should have been taken to deliver a much higher level of savings in-year.

There has been significant overspending on agency staff, much of which relates to the ineffective curriculum planning for 2019/20. Marketing expenditure has also not been controlled this year, with the full year budget spent by December 2019, which is only 5 months into the year.

There has been weak leadership on financial management and control this year.

Financial forecast current year to next year

The college has commissioned a firm of external consultants to prepare a financial recovery plan. This follows on from work that was completed by the consultants on an independent review of finance before Christmas 2019. The review highlighted several weaknesses on curriculum planning, financial management and control. The recovery plan work, which includes several strands, such as reviews on estates, IT, HR and MIS, is currently in progress.

Based on the work that has been carried out to date, the college is confident that the current year financial performance can be turned around to a small underlying operating surplus in 2020/21. The details of this need to be worked through, as the key assumptions need to be informed by the curriculum planning work, which is currently ongoing. There are some high-level assumptions in the early financial model for the IFMC, including reducing staff costs to 65% of total income (in the current year they are over 70%). The college has recently completed an independent benchmarking review, which indicates that there are opportunities for savings, especially efficiency gains in curriculum delivery, that link back to ineffective curriculum planning.

Funding for 16 to 18 learners will increase next year, and only a small percentage of this was assumed in the IFMC submission, so this provides a very real positive upside in income projections. The annual pension fund contribution is expected to reduce next year as well. These 2 significant factors, combined with a more robust approach to curriculum planning, provides a good level of confidence that an improved financial performance next year is realistic.

The initial plan currently shows college financial health improving from Inadequate this year to RI in 2020/21 and getting very close to Good by 2021/22. The main factor that is restricting improvements in the financial health score is the high level of borrowings. The underlying EBITDA is predicted to rise to over 9% next year, which would be a strong underlying operating performance, and this will help to strengthen the current ratio.

Cashflow / liquidity (including overdraft details and usage if appropriate)

Although the current financial year is going to result in very poor financial performance, the college started the year with a good cash balance. Therefore, the college will not run out of cash in the current financial year, but it will see a significant reduction in the year-end balance.

As the college moves into 2020/21, the pressure on cash will start to increase. The financial modelling that has been carried out to date indicates that cash could reduce significantly by the end of March 2021. The college is in negotiations with the city council about possible contingency arrangements. If agreed, the projected cash at its low point would be substantially improved, which gives a much better level of headroom to deal with unforeseen circumstances, should they materialise. A more detailed and robust cash flow for the next 2 years should be completed as soon as possible.

The college recognise the need to rebuild cash reserves, but future plans also need to allow for capacity to invest in IT, equipment and building maintenance and refurbishment. In recent years, cash balances have been increased, but investment has been restricted.

Financial liabilities / loans

The most significant short-term financial risk for the college is the renewal of the existing bank loan, which is due to expire on 1 August 2020. Discussions have been held with the college's banker over recent months, with the bank fully updated with the college's position. The recommendation resulting from the November 2019 FEC visit was for the college to approach other lenders: this has been done, but with no success.

The outstanding loan balance is a significant sum, which the college has no prospect of being able to meet should full repayment be required by the bank on 1 August. The latest meeting with the bank has resulted in them requiring the college to undertake an independent business review (IBR), which indicates that the bank might be willing to look at this. A scope of work has been agreed and a firm of chartered accountants will commence work soon. The timetable is now very tight, and the college must maintain a level of urgency in progressing the IBR and any follow-up discussions and requirements from the accountants and the bank.

The most realistic prospect for a successful outcome remains in trying to persuade the college's banker to renew the existing loan. The college breached a loan covenant in 2018/19 and expects to breach both covenants in the current financial year. The bank currently hold security over both main sites, but the valuations are significantly reduced, especially with regard to the city centre site, which has a strict education use only covenant imposed upon it.

If the college cannot agree a renewal of the facility or find another willing lender, there is a significant risk of insolvency.

Internal and external audit

The external auditors were able to sign the 2019 financial statements, but they have done so with a statement of material uncertainty around going concern, which is linked to the bank loan issue. There was an issue prior to sign off where the vice principal finance and resources had informed the board at its December 2019 meeting that the bank loan covenant would not be breached; however, it transpired that a number of non-cash items had been included in the cash generation figure in the accounts. When this was corrected, the operational leverage covenant was no longer met. This meant that the college had to convene an extraordinary board meeting to approve the restated accounts. No other significant matters were raised by the external auditors in their management letter. The internal auditors provided a good level of assurance in 5 out of 7 areas in their annual report for 2018/19. Two areas were assessed as adequate; these were around the efficient use of resources and integrity and reliability of information.

The college commissioned their own independent funding audit. Several follow-up actions have been taken by the college, but it is essential that the board closely monitors the full implementation of the full range of recommendations and assure themselves that urgent action is taken on any outstanding areas.

Estates and capital plans

Use and maximisation of college estates and assets

The college's 2 main sites have a poor utilisation of space and suffer from a backlog of maintenance issues. The financial recovery plan work is seeking to identify and include any short-term actions that are required to address maintenance issues and improve learner experience where possible. A longer-term strategy is currently being reviewed to meet the future needs of the college.

An independent external review of current issues was undertaken by the college and several actions have been identified. During the last few months, the college has made progress in addressing areas of concern. Work is still ongoing with the aim of ensuring that the estate is more compliant and a safe and fit environment for staff, learners and visitors. There are still several areas to be addressed, which will require additional funding once business cases are collated and presented. These should be fully costed into the recovery plan work.

Property management and investment

The college will prioritise the short-term actions that are referred to above to ensure that all compliance requirements are met and that an appropriate environment is provided for learners within the current financial constraints. A longer-term strategy is being developed that supports the needs of future priorities for the city. This is at very early stages and there are no views yet on indicative timelines and investment required.

Conclusions

The chair has recruited 6 new governors who have a good range of skills and experience which has strengthened the board. The new governors have a broad range of experience, including a retired FE principal who has joined the board since the last FEC visit in November 2019.

Governors have allowed the college to drift since the merger without developing and directing a clear post-merger strategy and harmonisation plan. Whilst this work has gathered pace since January 2020, the financial and curriculum performance of the college has deteriorated, and its future is now challenging. Indecision and a lack of understanding of the need to drive strategies at pace is exemplified by governors deciding to appoint an interim CEO and an interim principal nearly 12 months ago. Governors have subsequently decided to further delay the search for a new CEO/principal, which means that the college will have been without a permanent leader for nearly 2 years by the time that the appointee is in post.

Board agendas are too full and do not effectively prioritise the main areas where governors need to focus their attention. There is a lack of clarity and direction from governors about the key priorities that the senior leadership team should focus on. This is exemplified by the number and broad nature of objectives that are set for the CEO and principal, which also do not include success measures. Minutes show that there is insufficient challenge and scrutiny, especially on quality and curriculum matters, including student outcomes and experience. Senior leaders believed that this had improved since the appointment of new governors.

Senior leaders have improved the pace of progress since January 2020. Action recently taken has improved the dynamics of the senior team who, despite working with several interim managers in important senior posts, are now making some progress on delivering a recovery plan.

MIS and data are underdeveloped, inaccurate and not easily available to managers. This is slowly improving, but it is a major area of concern that is inhibiting managers and governors from making necessary progress.

The college has a quality improvement plan which incorporates improvement points arising from the September 2019 Ofsted report, as well as its own SAR process. While the content of the QIP appears to be appropriate, progress is slow with limited substantial evidence of a positive impact on learner outcomes for 2019/20 completing learners. Policies and processes that are aimed at improving TLA are being developed and introduced in-year during 2019/20. This system has introduced

a degree of rigour into the review of assessment practices across the college; however, achieving full compliance remains an issue.

The lack of an embedded effective performance management framework is stalling progress with securing and monitoring curriculum change and quality improvement measures that are being introduced. The college knows, based on its own evaluation, as well as feedback from Ofsted, that data reports need to be substantially improved. This is a significant issue. Progress with instigating the revision to the terms of reference of the strategic group to monitor apprenticeship delivery is slow. The QIP indicates that the first meeting of the revised group was delayed until February 2020. Progress with improving student attendance is slow.

Some in-year improvements have been introduced with respect to curriculum design and delivery. However, a comprehensive review of curriculum design will not be forthcoming until the 2020/21 academic year. The college is embarking on developing a more accurate and comprehensive curriculum planning process that is linked to the staffing establishment and financial recovery plan.

An overly optimistic merger plan was developed, which contained significant income growth that the college has not delivered. However, costs have been managed accordingly in the first 2 years post-merger, but with little strategic relevance, and the underlying issues of the cost base have caught up with the college this year. This year, the college finances have suffered from weak financial controls, poor strategic financial leadership, and a lack of strong governance challenge on financial management.

EBITDA over the last 2 years has been strong, leading to a good level of cash at the current time that, if managed carefully, should enable the college to continue operations through the recovery planning process.

The college faces a serious issue in the summer with the renewal of the existing bank loan due on 1 August 2020. If no agreement with the bank is reached, the college will be required to meet its loan obligations, which, without any other thirdparty support, will not be possible and will leave the college facing insolvency. If appropriate decisive action is taken quickly, the college could remain a financially sustainable stand-alone college, providing that it can find a resolution to the bank loan issue.

Recommendations

- By March 2020, governors must, as a matter of urgency, immediately progress the appointment of a permanent CEO/principal. A member of the FEC team will support the selection process. The chair must confirm to a Deputy FE Commissioner as soon as this has been progressed.
- 2. NLG support that is currently being provided to the chair as induction support needs to be refreshed with a new NLG to further develop and improve governance. This includes setting priorities and key measurable objectives for senior postholders. This needs to be put into place by the end of March 2020.
- 3. Governors need to appoint a permanent clerk/ head of governance as soon as possible.
- 4. The interim chief executive should continue to receive support from the National Leader of Further Education (NLFE).
- 5. Governors and senior leaders must not become distracted by conversations with possible future partners and must focus on the priority matters that need to be addressed namely, financial and curriculum performance and recovery.
- 6. Across the college, senior management need to prioritise Teaching, Learning and Assessment activities as well as reporting and performance management arrangements that will secure the best possible learner outcomes for 2019/20. There is currently a lack of evidence of improvement in 2019/20.
- The college should complete a robust recovery plan with measurable milestones and targets to be shared with the bank and the ESFA by 31 May 2020.
- 8. By July 2020, urgent action must be taken to implement any planned cost savings, and this must be monitored and challenged rigorously by the board.
- 9. By 30 June 2020, the chair and CEO must address the re-financing issue with urgency in order to get clarity as soon as is possible to enable appropriate decisions to be made within what is now a very tight timeframe.
- 10. The college will be placed immediately into supervised status.

The FEC team will carry out a stocktake visit by the end of June 2020.

Annex A – Information reviewed

Self-Assessment Report Quality improvement plan Financial Statements 2018/19 Finance Record 2019 Latest management accounts, including cashflow Integrated Financial Model and Commentary – February 2020 Student numbers, including retention and performance data **Organisational Chart** ESFA Briefing update January 2020 management accounts Comparative information on 2018/19 v 2019/20 financial performance Recovery plan progress document Estates strategy Learner number information Governors papers and minutes for all meetings in 2019/20 CEO and Principal's objectives set by governors Governor pen-portraits Sub-committee membership CEO reports to governors 2019/20 Strategic Plan **Risk register** Draft scope of IBR Progress on FEC recommendations

Annex B – Interviewees

Chair

- Interim CEO
- Interim Clerk
- **Finance Consultant**
- Director of Quality and TLA
- Governor (Finance lead)
- Governor (Quality lead)
- **Directors of Faculty**
- Staff group
- Student group
- Group of governors (5)
- Acting Principal
- Interim head of MIS
- **Finance Consultant**
- Head of HR
- Union representatives



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