



Sixth Form College Commissioner Assessment St Mary's Sixth Form College: Summary and Recommendations Sixth Form

Background

St Mary's Sixth Form College is a Roman Catholic college founded in 1925 and operates under the trusteeship of the Marist Fathers. The college serves the local community of East Lancashire. Located in Blackburn, it is the only sixth form college in the Unitary authority of Blackburn and Darwen.

The college currently has approximately 890 students and predominantly provides 16 to 19 study programmes, mainly through academic programmes, with a small amount of vocational provision. The college also offer degree and post graduate studies with Liverpool Hope University and University of Central Lancashire as well as a small amount of access-to-learning programmes for adults within the local community. The college generates some commercial income from three pre-school nurseries it manages.

The highest number of enrolments in the past three years have been in; science and mathematics, language, literature and culture, health, public services, and business administration and law.

In March 2017 the college was inspected by Ofsted and graded as 'requires improvement' (Grade 3) for overall effectiveness.

The college submitted a revised financial plan to the EFA in January 2017 indicating a change in the college's forecast financial health assessment from 'satisfactory' to 'inadequate', for both 2016/17 and 2017/18. This highlighted a budget deficit and a deteriorating cash balance; to the extent that the college would be unable to continue operations beyond the 2016/2017 academic year without substantial restructuring and cost reductions. The primary cause was falling student numbers and the college's failure to react by, e.g., reducing costs. The inadequate financial health rating resulted in the EFA issuing a financial notice to improve in February 2017.

The Sixth Form College Commissioner's report is intended to advise the Minister and the Chief Executive of the Education and Skills Funding Agency (ESFA) on:

- a. the capacity and capability of St Mary's SFC current leadership and governance to implement financial recovery within a reasonable timeframe, including consideration of structural options;
- b. any action that should be taken by the Minister and/or the Chief Executive of the ESFA to ensure the delivery of financial recovery and quality improvement (considering the suite of interventions set out in 'Rigour and Responsiveness in Skills');
- c. how progress should be monitored and reviewed, taking into account the Agency's regular monitoring arrangements.

Assessment Methodology

Two advisers to the Sixth Form College Commissioner visited the college on 22 March 2017. The findings from this and subsequent visits form the basis for this report and its recommendations. They received in advance briefing information provided by the EFA/SFA Joint Intervention Team and reviewed a range of college documentation. They interviewed corporation members, managers, staff and stakeholders, which included potential partner organisations.

Area Based Review

The college was part of the wave 4 Lancashire area based review, which concluded in February 2017. The issues with the college's financial position came to light during the concluding stages of the review. The college to that point was pursuing a standalone position. The review recommended that the college "should continue to take short term actions to improve its financial position pending confirmation by 28th April 2017 of a structural option such as merger or academisation which delivers a financially sustainable solution for implementation in the 2017-18 academic year".

The college was unable to meet the deadline to confirm a financially sustainable solution due to the extent of the leadership and management challenges at the college.

The Role, Composition and Operation of the Board

The board consists of 18 members, including 13 foundation governors, the principal, 1 staff member, 2 student members, and 1 parent governor. Until recently the college had an independent clerk, but they subsequently left the college in May 2017 and the principal's PA is fulfilling the role on a temporary basis.

The Chair Nick McNeil (an alumnus of the college) was appointed in June 2014 and is managing director of a financial services company. The college also has four sub committees for audit, resources, quality assurance and strategic planning. Board members have a range of backgrounds, including law, education, construction,

estates & property, business, finance, management, leadership and human resources.

The recent Ofsted inspection identified that 'governance requires improvement' specifically identifying that governors do not challenge senior leaders sufficiently and have not managed the college's finances skilfully enough to be confident that the college has a sustainable financial future.

The advisers also found evidence to support these conclusions.

Executive Team

The college has had no clear leadership since December 2016 due to an unfortunate set of circumstances. The existing principal suffered an accident in December 2016 and was unable to return before his planned retirement date of end February 2017. The college had already been through the formal recruitment process for a new principal and had appointed a post holder, but they subsequently withdrew their acceptance of the post in January 2017. The vice principal was appointed as acting principal pending a new recruitment process, however, in April 2017 he took immediate early retirement on health grounds. The college was then managed by the three remaining most senior managers on a joint basis until the college was able to secure the services of the principal from another sixth form college to act as interim principal two days per week until the end of July 2017.

The college board need consider with a degree of urgency the appointment of a principal and deputy principal to ensure effective and strategic leadership is provided within the college.

Curriculum and Quality

Quality

The college was inspected in March 2017 and the quality of provision was graded as 'requires improvement'. Ofsted inspectors identified a number of weaknesses within the college including:

- Senior leaders, governors and managers have not had sufficient focus on improving the quality of teaching, learning and assessment.
- The management of quality improvement across the college is not rigorous enough to bring about the necessary improvements.

However, the inspectors did note strengths within the college including:

- Leaders and managers ensure that students from a wide range of backgrounds and abilities work cooperatively in a supportive environment.
- The large majority of students pass their qualifications and successfully progress to higher education, further learning or apprenticeships.

The college had previously been graded as 'good' by inspectors in 2013.

Curriculum Offer

St Mary's has supported a very broad curriculum offer to attract students and has therefore maintained marginal A levels like Geology and Ancient History and offered three English syllabuses. The college has also developed courses at level 1 and 2 for relatively small numbers of students who do not necessarily progress to level 3.

Some teaching staff also deliver on the higher education provision. This has resulted in too many subjects being dependant on an individual teacher and overall very small, uneconomic average class sizes. Even where a subject is in demand, the college has timetabled too many groups for the overall student cohort.

The college has maintained an overly heavy curriculum management structure with more than 20 heads of department, some of whom have no staff to manage. This further exacerbates the variations in curriculum delivery and quality control.

Sustaining such a wide range of courses in a small college presents a challenge to quality and financial viability.

Student Recruitment

The college has seen significant reductions in 16-18 student numbers, falling 24% since 2013/14, and although the college has exceeded its allocation for 2016/17 (recruiting 890 students against an allocation of 859) this remains insufficient to support the colleges current cost base and operating model. The college finances have been enhanced in recent years due to the net financial contributions from HE provision and nursery income.

The Estate

The college operates from a single site with six separate buildings.

Due to an overall decline in student intakes in recent years, space utilization is well below sector averages and declining. As part of the area review the college identified that they have potential capacity for 1,500 learners, and so there is overcapacity on the site.

Financial Position

The college was issued with a notice to improve (financial health) in February 2017, which followed a request from the college for a re-profile of their 2016/17 allocation to address cash flow issues. A resubmission of their 2016-18 financial plan was subsequently assessed and showed the colleges financial health as "inadequate" for both 2016/17 and 2017/18.

The college's financial position has deteriorated as a result of historic decline of student numbers and specifically a decline in HE student recruitment in 2016/17, exacerbating the mismatch between income and the cost base, as well as the need to service a long term debt in the form of a capital loan.

Assessment of the evidence following the adviser visit indicates that the college cannot continue as a stand-alone college. Student numbers will not generate sufficient income to sustain the current staffing structure and overheads across the curriculum.

Due to the absence of leadership the college has yet to develop an effective recovery plan for financial sustainability post 2016-17.

The advisers identified the need for the college to urgently develop a strategy and plan for 2017-2020 setting out how they propose to deliver both financial sustainability and quality improvement, which should be agreed and approved by both the Governors and the ESFA.

Income and Expenditure Account

The revised financial plan submitted the EFA in January 2017 showed the college with a weakening operating performance in 2016/17 moving from an original planned surplus to a significant deficit.

The college needs to take action both in-year and as part of its budget planning for 2017 - 2018 to reduce its costs and mitigate the risk of further decline in student recruitment and (as far as possible) align staffing and non-pay costs with income in order to contain the level of operating losses. Without firm action, there is a serious risk that the operating deficit for 2017/18 will exceed the operating deficit forecast for 2016/17.

Balance Sheet

Whilst the balance sheet includes land and buildings value in excess of £11m, there are deferred capital grants outstanding of £5.8m. In addition, the title to the land rests with the Marist religious order with no underlying formal lease. This means that there is potentially no true land value accruing to St Mary's Sixth Form College as an incorporated body. As such the college is potentially showing a real total balance sheet deficit, after pension liabilities, of almost -£600k in year ending July 17 and over -£800k in 2018 which could lead to the college reaching an insolvent position.

Actions taken to date

The college's governors and leaders recognised that the college could not continue in its present form and had commenced preliminary and informal discussion with two institutions:

- A local Catholic sixth form college, to explore a type B merger
- Liverpool Hope University, to remain as a stand-alone sixth form college but with an affiliated college relationship with the university, which builds on its current relationship.

The advisers supported exploration of each option and quickly discounted the type B merger option as not viable due to the level of financial risk it could pose for the receiving college.

Discussions are ongoing with Liverpool Hope University to enhance and formalise the current relationship. However, it is currently unclear if this alone will provide the college with a long term financially viable solution.

Conclusions

The corporation need to urgently appoint an effective senior leadership team to develop long term strategic options for the future sustainability and viability of the college, which includes arrangements for principal, deputy principal and finance director support.

The college governors need support to improve the arrangements for oversight and governance of the college management and their ability to robustly challenge information presented to them, particularly relating to the colleges financial position. Governor support should include the appointment of an experienced clerk.

The senior leadership team needs to implement a strategy that improves financial resilience by addressing the college's income and costs to deliver a surplus. Forward planning should include consideration of whether the wide range of courses currently provided is financially viable.

There is a need for a comprehensive review of the college's strategic options to be undertaken rapidly to ensure the corporation is in a good position to make clear strategic decisions in autumn 2017 on the college's future.

Regular case conferences will continue between the chair, interim principal and the ESFA to monitor progress.

Recommendations

1. A commissioner-led comprehensive options review, working closely with college leaders and governors, to be undertaken as soon as possible to support the identification of long term strategic options for the corporation to consider in autumn 2017.
2. The college senior management team produce and implement an effective financial recovery plan immediately, that has been approved by the governing body and ESFA.
3. The college continues to explore and develop plans with Liverpool Hope University, and give consideration to other supporting structural options, such as joining a multi-academy trust.
4. The governing body to closely monitor progress with financial recovery and oversee the college's monthly updates to the ESFA.
5. The college undertakes a curriculum review to restructure and strengthen the financial viability of the college's provision, including developing a contingency plan if student numbers fall in 2017/18.
6. The college to continue to address the weaknesses identified in the Ofsted inspection to ensure that existing learners receive the best possible education and to ensure that their interests are protected going forward.
7. The interim principal and a working party of governors undertake a review of the roles and structure of the senior team to ensure that the leadership & management of the college is efficiently and cost-effectively organised.
8. The governors appoint a full time principal and deputy principal to take forward the leadership of the college.
9. The governing body commissions a national leader of governance to conduct an independent external review of governance, including arrangements for chairing and supporting the board, and ensuring the right capacity and capability is available to oversee the implementation of the recommendations in this report.

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Sixth Form College Commissioner

March 2017