



Department  
for Education

David Miller  
Chair of the Corporation  
Bicton College,  
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22 April 2014

I am writing to let you know about the government's view of your College's position in light of the FE Commissioner's review, and the next steps that will be taken to secure an improved financial position at Bicton College.

As you are aware, in light of the inadequate judgement for financial health by the Skills Funding Agency, I decided that the FE Commissioner should review the position of your College in line with the intervention policy set out in Rigour and Responsiveness in Skills (April 2013). The FE Commissioner completed his assessment on 28 March 2014.

I have now received the FE Commissioner's assessment – a copy of the FE Commissioner's summary report is attached – which includes a set of recommendations. I have accepted all these recommendations.

The FE Commissioner's assessment concluded that the College has taken steps to improve its financial position after a period of poor financial health and controls. The College has made some important changes to its governing body membership and has ensured it has the necessary financial skills and experience in its Senior Management Team. Strong governance, with effective oversight of the financial health and the quality of delivery at the College, is critical and I therefore welcome the steps the College has taken to date. It is important that the College continues to improve its governance and leadership arrangements, in particular establishing a separate Finance and Resources committee to scrutinize the college's financial performance.

The FE Commissioner's assessment also concluded that the College cannot continue to operate on its own. This conclusion concurs with the findings from the recent independent report by Landex commissioned by the College into its



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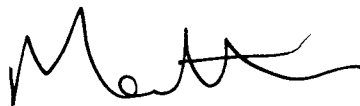
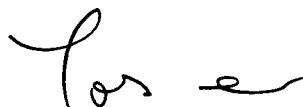
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short to medium term viability. The FE Commissioner concluded that there was a continued need for continued land-based provision in the area, and that provision should – in some form – continue. I have therefore decided that the FE Commissioner should conduct a Structure and Prospect Appraisal to determine a way forward considering, at its heart, the needs of learners, employers and the local community. The College should work with the FE Commissioner on this Structure and Prospects Appraisal as well as continuing to deliver its learning offer and on its plans to improve its financial position.

I have asked the FE Commissioner and my officials in the funding agencies to monitor progress and report back to me regularly. My officials at the Skills Funding Agency will be in touch shortly to arrange a meeting between you, the Principal and the FE Commissioner to discuss this letter and agree next steps, including the timing of the Structure and Prospects Appraisal.

If you have any questions about the FE Commissioner's assessment or this letter please contact Tony Skeel ([tony.skeel@sfa.bis.gov.uk](mailto:tony.skeel@sfa.bis.gov.uk)) in the first instance.



**MATTHEW HANCOCK**

## **Further Education Commissioner**

### **Assessment Report: Summary and Recommendations**

#### **Bicton College**

##### **Background**

1. Following the notification by the Skills Funding Agency that Bicton College had been assessed as inadequate for financial health, the Minister for Skills and Enterprise decided that the FE Commissioner should assess the position of the college in line with the government's intervention policy set out in *Rigour and Responsiveness in Skills*.
2. The FE Commissioner conducted his assessment between 17 March and 28 March 2014. He assessed: the capacity and capability of the College's leadership and governance to secure a sustained financial recovery within an acceptable timetable; any actions that should be taken to deliver a sustained financial recovery within an agreed timetable (considering the range of interventions set out in *Rigour and Responsiveness in Skills*); and how and when progress should be monitored and reviewed taking into account the Agency's regular monitoring arrangements.

##### **The governing body**

3. The Corporation operates a version of the 'Carver' model of governance where governance takes place at the Board level rather than committee level. In practical terms this has meant the Corporation has had limited financial oversight. The Corporation has made a number of new governor appointments, including a new commercially minded Chair. These new appointments have led to the Corporation taking a much more stringent approach to monitoring the College's activities and challenging the Principal and Senior Management Team. In particular, the refreshed Corporation has reviewed a number of College's recent projects where a number of weaknesses were identified in how the College set up and ran them. Following a review into the financial issues at the College (paragraph a below) the refreshed Corporation is considering reinstating the Finance & Resources Committee.

##### **The Clerk to the Corporation**

4. The clerking arrangements are fairly strong, although further improvements could be made to ensure that sufficient attention is being given to ensure the Corporation has the information, data and training they need to operate effectively.

##### **The Senior Management Team**

5. The College has a strong Senior Management Team. The Principal and two Directors (Director of Students and Enterprise and an Interim Director of Finance and Corporate Services) are experienced and knowledgeable. Collectively they are delivering quality provision (paragraph 6 below) and

taking steps to improve the financial position of the College (paragraph 7 below). However, the size of the SMT has reduced recently and the College is very dependent on the skills of specific individuals and does not have the capacity to deal with unexpected issues as they arise. This represents a significant risk going forward.

### **The quality of provision**

6. Bicton College is a specialist land based college situated in East Devon, with a remit to serve the whole of Devon and the wider South West region. The main campus is set in an estate of approximately 200 hectares and the college has on-site residential accommodation for 230 learners, most of whom are 16 – 18 years old. The College was inspected in October 2012 and was graded as 'good' for overall effectiveness, effectiveness of leadership and management, quality of teaching, learning and assessment, and outcomes for learners. The College has made good progress to address points raised in the inspection and the views of stakeholders are highly complimentary with regard to the quality of the provision. Good systems are in place to maintain these improvements, well led and supported by the Director of Students and Enterprise.

### **The Financial Position**

7. The current challenges at the College are driven by its financial position. The College has been in financial recovery since 2008. It has taken a number of steps to address the financial issues, including restructuring to reduce costs, seeking a partnership with another college (which did not materialise), and increasing – to a small extent - income through delivery. However, in 2012/13 the College reported a significant, unexpected deficit which has damaged the College's reputation and credibility with stakeholders. To address this, the refreshed Corporation commissioned two reports; one into the financial position of the college (in light of the unexpected deficit position) and another in to the short to medium term viability of the College as an independent institution. The first report identified a number of weaknesses in reporting and budget monitoring, which the Corporation has accepted and has begun to implement changes to address these weaknesses. The new Interim Finance Director has taken great strides to stabilise the financial position of the College and ensuring the budget for 13/14 is delivered and the College's financial position has improved slightly.
8. The second report concluded that the College cannot survive as an independent institution without damaging its long term development, and it should seek a strong merger partner without delay. The FE Commissioner supports this conclusion. As one of the major farming areas of the country it is important that land based training is not only maintained but developed in the county. This can only be achieved by a different structural arrangement and an appraisal of the options available should be urgently undertaken.

## **Recommendations**

1. A Structure and Prospects Appraisal, led by the FE Commissioner, should be carried out within the next three months to identify appropriate partnership/merger arrangements that will allow for the continuation and development of land based provision in the area. In considering potential partners, the quality of the college's offer and the needs of local stakeholders and learners will be paramount in determining the most appropriate way forward.
2. As part of the Structure and Prospects Appraisal the College should develop a detailed commercial plan to determine the best ways the College – as part of any new partnership – should capitalise on its extensive facilities and estate. The plan should aim to increase its commercial income significantly by drawing on best practice from other land based colleges and apply a professional project management approach and cost benefit analysis to any new venture.
3. The Board should establish a separate Finance and Resources committee to scrutinize the college's financial performance on a monthly basis until such times as the present situation is resolved. The Committee should ensure that it has members who are financially qualified, either drawn from their existing membership or co-opted as appropriate.

