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I am writing to inform you of the Government's view of the position of North Warwickshire and Hinckley College following the Further Education (FE) Commissioner's recent review, and the next steps that should be taken to secure improvement.

As you know, in light of the 'inadequate' assessment of the college's financial health the Skills Funding Agency issued the college with a Notice of Concern in April 2015. As Minister for Skills, I asked the FE Commissioner, Dr David Collins, to carry out an assessment of the college and this was conducted between 11–15 May 2015.

I have carefully considered the FE Commissioner's assessment, and accept all the recommendations he makes. I welcome the recent changes the college have made to the senior leadership team with the appointment of a qualified chief operating officer from outside of the sector, and am encouraged that the FE Commissioner acknowledges in his assessment the progress the senior leadership team have made in addressing quality issues at the college. However, the FE Commissioner also feels the college has failed to address the significant financial issues that it faces.

Strong governance is vital to a college's success. Governors are responsible for the strategic oversight of the college, and in holding the principal and executive to account for delivery. They are also guardians of public money, ensuring its effective and efficient use. It is therefore essential that the governing body has the skills and expertise necessary to full fill these responsibilities.

You will see that the key recommendation made by the FE Commissioner is that North Warwickshire and Hinckley College and South Leicestershire College should develop their federation model into a full merger, with one board, one senior management team and fully integrated systems and procedures. He also recommends that the composition of the new Board should take account of the skills of the members of both colleges to ensure that it has adequate curriculum, business and financial expertise to challenge and support the senior management team.

A further important recommendation is that, in order to reduce staff costs significantly and make the necessary improvements to the college's forecast operating surplus/deficit positions, it should revisit its financial forecasts for 2015/16 and 2016/17 as a matter of urgency.

A summary of the FE Commissioner's assessment report and full recommendations is provided with this letter. This summary and my letter to you will be published on www.gov.uk two weeks following the date on which this letter is sent.

If you have any questions about the FE Commissioner's assessment or this letter, please contact Mary Rogers in the Skills Funding Agency at: mary.rogers@sfa.bis.gov.uk in the first instance.

NICK BOLES MP

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