

**Further Education Commissioner
assessment summary**

Tresham College

September 2016

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Assessment

Background

Tresham College of Further and Higher Education is a further education college in the East Midlands, located within North Northamptonshire and covers four local authorities Kettering, Corby, Wellingborough and East Northants. The main campus is located within the town of Kettering, with other sites in Corby and Wellingborough and with specialist motorsport training facilities at the National College of Motor Sport at Silverstone.

The College's local catchment area is a mix of rural with urban districts. The College has around 4,000 students at any one time and has an average of 550 Apprenticeship leavers each year from its main site in Kettering and the campus in Wellingborough. The College provides study programmes and adult learning provision in eleven subject areas and Apprenticeships in seven. In general study programmes account for nearly 80% of the provision with the remainder split between adult programmes and Apprenticeships.

Following the notification by the Skills Funding Agency that Tresham College had been graded as Inadequate by Ofsted, the Minister for Skills and Apprenticeships 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*.

The FE Commissioner's report is intended to advise the Minister and the Chief Executive of the funding agencies on;

- a) The capacity and capability of the College's leadership and governance to secure rapid and sustained quality improvements for learners within an acceptable timetable
- b) Any actions that should be taken to deliver a sustained quality improvements within an agreed timetable (considering the range of interventions set out in *Rigour and Responsiveness in Skills*) and
- c) How and when progress should be monitored and reviewed taking into account the Agency's regular monitoring arrangements

Assessment Methodology

A Deputy FE Commissioner, supported by two FE Advisers, carried out an assessment during the period 28th to 30th September 2016. They received in advance extensive briefing information provided by the Skills Funding Agency and the Education Funding Agency and reviewed a wide range of College documentation. They interviewed board members, managers and staff, as well as representatives of the SFA, EFA, learners and the trade unions.

The Role and Composition of the Board of Governors

The Board consists of 18 members, including the principal, 2 staff members and 2 student members. It operates Carver type governance meetings approximately monthly with the exceptions of January and August. A Quality Management Advisory Group was introduced in January 2016 in order to give governors a more detailed focus on quality

performance and is currently working to establish systems and reporting models that will enable the Board to have a stronger oversight of the performance of the college. There are further formal committees for Remuneration, Audit and Search and Governance and a Capital and Projects Steering Group.

Up until now, however, the Board has failed to performance manage senior staff in a timely manner and been unable to demonstrate sufficient challenges to the senior team that have been effective in driving improvements. This weakness was noted in the 14/15 SAR but no appropriate action was taken. It would now benefit from a change of leadership to drive the improvements that are needed.

Clerk to the Corporation

Earlier in 2016, the Board decided to 'downgrade' the role of the Clerk both in salary and experience terms. An unqualified, inexperienced Clerk was appointed in March 2016. This post holder has received no training and her expected focus is predominantly around the administrative aspects of the role rather than on governance advice. The Board will struggle to improve its performance without welcoming the professional independent governance advice and guidance that a properly trained clerk can give.

The Executive Team

The senior team has been subject to very significant change over the past 2 years and none of the Vice Principals (including the interim principal) have over 12 months' service. A high level of churn in the senior team has inevitably created a lack of institutional trend knowledge and an overall lack of cohesive leadership to evaluate performance or to drive improvements. Communications were perceived not to be transparent and whilst staff reported an open door policy by the Principal they also reported that little or no response was made to serious issues that were being raised.

Quality

Over the past two years there have been many changes in the leadership of teaching, learning and assessment and the responsibility for quality, standards and performance has shifted between managers and senior leaders. This has had a negative impact across the college and resulted in a scenario where non-compliance and poor performance has not been challenged or rectified. Heads of school and other key college managers were left to manage their areas as they seemed fit. In the absence of rigorous quality controls and the regular monitoring of student performance, standards declined.

The College was inspected by Ofsted in June 2016 and judged to be inadequate for overall effectiveness, leadership and management, the quality of teaching, learning and assessment, outcomes for learners' 16-19 study programmes and Apprenticeships. The first Ofsted monitoring visit following the full inspection took place on the 14th/15th September 2016 which recorded that improvements and actions taken were beginning to have an impact.

The post inspection action plan has been merged with the college Quality Improvement Plan (QUIP) and following the recent Ofsted monitoring visit, has been further amended and refined to concentrate on measuring the impact that the improvements outlined in the

plan are having on students. The QUIP now provides a solid plan of action for the college to improve the quality of teaching, learning and assessment and study programmes.

Apprenticeship Provision

A VP (Commercial Development) has been appointed in the last 12 months and has assumed responsibility for Apprenticeship provision. Previously, Apprenticeship provision had been removed from the Heads of School and located in an area of the college called EVOLVE. The college is now in the process of reverting this and relocating apprenticeships within the curriculum schools.

Whilst operating under the auspices of EVOLVE Apprenticeship provision grew substantially but also declined in terms of outcomes and performance. Many staff and some key employers raised issues regarding the deterioration in the quality of Apprenticeship provision with the Principal and the Board but no action to improve the provision was taken.

Outcomes

Since 2012/13 the college has seen a significant fall in the education and training qualification achievement rate (formerly success rate) for 16-19 year olds which is now below the national average. In 2015/16, however, the outcome performance for this cohort has started to stabilise whilst over the last two years the qualification achievement rate for 19+ learners has been just above the national average. Success rates for English and maths also improved in 2014/15 but timely success rates in 2014/15 for Apprenticeships were significantly below the national average for all age groups

The Financial Position

The College's financial performance over the last four financial years has been one of significant reductions in income balanced by even larger reductions in expenditure. This has led to a major operating deficit being turned into a small surplus and as such is to be commended. Pay costs, however, have risen as a percentage of turnover.

Looking ahead, it is likely that income will fall further, given the OFSTED inadequate grades and further cost saving measures will be necessary if a surplus is to be maintained. Restructuring plans are behind schedule and it is likely that the college will go back into deficit this year. The college does have relatively healthy cash balances at present but these may be under pressure if capital receipts from the sale of redundant property do not materialize in the timeframes projected.

Financial Forecasts

The College's financial plan for 2017-18 projects a 9% increase in income compared with the budget plan for 2016-17. This relies heavily on an increase in EFA 16-18 funding that would require a substantial increase in student recruitment in autumn 2016. The 2017-18 also forecasts further growth in Apprenticeships. Neither of these is likely to materialize given the effects of the Ofsted inspection grades on recruitment.

Similarly the significant underperformance against all funding lines in 2015-16 raises a question of credibility in respect of the growth assumptions underpinning the College's financial plans for 2016-17 and 2017-18. There are therefore serious doubts about the achievability of the 2017-18 budget plan as it currently stands.

The Estate and Capital Plans

The College has invested significantly in its estate over the past ten years with good quality facilities in Kettering and Corby. The College's renewal of its estate accounts for its high levels of external loans. The College's Capital Projects Working Group has developed plans for a new campus on the current Wellingborough site which is due for completion in spring 2018. The College has secured LEP grant funding with the balance funded by the College and the Borough Council (though as yet this is still subject to finalisation).

Whilst the educational and economic case for the Wellingborough capital project appears to be strong, the timing of this capital development is a potential concern given the further short term pressure this could put on working capital. Before substantial financial commitments are incurred there is an argument for the College reviewing and risk-assessing its plans for Wellingborough in light of a revised assessment of its budget plans and cash flow forecasts.

Financial Oversight by the Board

The Corporation minutes confirm that robust discussions have taken place over the College's financial targets and financial performance, although at times against the context of a busy agenda with limited time available to drill down in sufficient detail. The lack of financial expertise on the Corporation makes it more likely that the significance of emerging financial challenges and risks are not fully grasped. It also makes it more difficult for Governors to appraise the performance of the Vice Principal of Finance and Corporate Services (a senior post-holder).

Audit Committee

The Audit Committee plays an active role as part of the system of accountability and benefits from a regular flow of internal audit reports. There is evidence in the minutes to indicate that the Audit Committee has taken issues drawn to its attention seriously including action to strengthen the college's whistleblowing policy and procedures following the conclusion of a complex and highly critical whistleblowing incident.

The new Chair of Audit Committee has been a member of the Committee for several years and appears keen to build on the work of the previous Audit Committee Chair who retired in the summer. However the absence of a qualified accountant member of the Committee may limit its effectiveness.

The Finance team produces a monthly set of management accounts for discussion and review by management and the Corporation. The management accounts follow a typical format and are generally issued by/before the 20th working day of the following month. As part of this reporting process the Head of Finance updates the forecast out-turn on a monthly basis.

These arrangements, including the information contained in the monthly pack, appear to be adequate and are similar to those in place across other parts of the FE sector. Failure of the College to meet its budget is more likely to arise where it fails to meet key funding targets or to implement College wide savings targets (for example on pay).

The Finance team is stable (with a long average length of service with the exception of the Vice Principal who has been in post just over a year) and of a size which generally meets that which might be expected for a medium sized College. Although the Head of

Finance is currently part-time, this is a well-established situation which does not appear to compromise the team's performance. The team produces regular and timely management accounts and appear to be well prepared for the imminent external audit of the 2015-16 financial statements. Debtors and creditors are generally well controlled and there are no major audit recommendations outstanding.

Risk Management

The College has a risk management strategy, policy and register. Risks are monitored by the College Leadership Group. The Corporation has delegated key responsibilities for risk management to the Audit Committee.

The risk management strategy has not been updated since 2012 and is due to be refreshed in autumn 2016. This refresh takes on increased importance in light of the Ofsted outcome and the weakening of the College's financial health.

Conclusions

The College has a very new senior team with key vacancies. The previous Principal of 5 years has recently left the college and arrangements for his replacement are still unclear. Both the senior team and the Board have been too slow to recognise the declining quality and financial performance. Early evidence of concern has not been given significant regard, leaving many in the senior team feeling that their voice has not been heard. The Board do not seem to have recognised the serious churn in the senior team as a key risk which needs regular performance management. Weak performance has been left unchallenged until it has reached a crisis point.

Measures have been put in place that are beginning to have a positive impact on the quality of the student experience and the standard of teaching, learning and assessment. There is still evidence, however, of non-compliance with essential student tracking and performance monitoring processes. Heads of School and other curriculum managers are aware of the improvements that need to be made but there remains some uncertainty as to who is responsible for what and they are unsure regarding the level of support they will receive in implementing the rigorous standards required to ensure that the pace of progress is swift. The re-structuring of the Apprenticeship provision back to the responsibility of the Schools has been welcomed and is seen as a positive move toward improving this essential area of provision.

Overall, there has been an insignificant focus on the both the quality and the finances of the College over several years. Achievement of the 2016-17 pay budget is dependent on delivering savings of over £1m in the current year. As at September, work is ongoing to finalise staff restructuring plans, which are now likely (at best) to be implemented in November/December 2016. A significant net overspend on pay costs now looks inevitable. The recent Ofsted Grade 4 may also impact on some of the College's plans to grow provision for Apprenticeships. In summary, the quality and finance improvement agendas are both now urgent.

Recommendations

- 1) The Corporation should refresh its leadership and fill at least two of its existing vacancies to increase the diversity of board skills and experience, especially finance and HR, using best practice methods of recruitment.
- 2) The College needs to strengthen the effectiveness of the Corporation's oversight of finances through the establishment of a formal Finance Committee which can dedicate sufficient time for challenge and scrutiny of budgets; capital plans; and in-year financial performance.
- 3) It is welcome that following the assessment the College has appointed an experienced interim principal. It is important that the College should continue to have leadership experienced in both quality improvement and financial recovery.
- 4) The College should risk assess its recent decision to proceed with the £12m capital plans for Wellingborough in light of a more realistic assessment of the overall financial position of the College and the potential impact on working capital should planned capital receipts and a capital grant from the Borough Council not come to fruition.
- 5) The Board Advisory Group (QMAG) needs to develop its work further in order that the Board can better understand and challenge the pace of quality improvements
- 6) The Corporation should revise its clerking arrangements to ensure that there is sufficient expertise available to guide governance and to engender a climate to support challenge both by governors and the Clerk.
- 7) Governors need to improve their timely performance management of senior post holders and assure themselves that managers at all levels, especially senior managers have the right levels of skills and competence.
- 8) The College needs to undertake a fundamental re-design of its processes for curriculum planning to ensure that plans and targets for recruitment; funding; and staff utilisation are based on a robust and shared analysis of the College's delivery model both for classroom based programmes and Apprenticeships. The College should ensure that the key outputs from the 2017-18 curriculum plan are concluded by February / March 2017 to inform staffing plans and the 2017-18 budget process.
- 9) Staff development, including supporting improvements to teaching, learning and assessment needs to be underpinned by direct and regular monitoring of student performance by senior managers.
- 10) Forums whereby staff at all levels can raise issues with senior leaders and Governors need to be put in place in order that staff can fully contribute to the improvements that the college needs to make.
- 11) The College should undertake a comprehensive review of its 2016-17 budget and cash flow forecast in light of growth assumptions for Apprenticeships

that cannot now be met and the risks of not achieving the substantial savings targets for pay costs that are required to balance the budget. This review should inform a more comprehensive financial recovery plan embracing a range of actions to achieve an operating surplus and protect working capital.

- 12) Given the extent and variety of its current problems the College should be placed in Administrative College status and an SFA representative attend Board meetings as an observer.**

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