Department for Business Innovation & Skills

FURTHER EDUCATION COMMISSIONER ASSESSMENT SUMMARY

Accrington and Rossendale College

DECEMBER 2015

Contents

Assessment

Background

Accrington and Rossendale College is a small general FE College based in Lancashire. Its principal catchment area is the two boroughs of Hyndburn and Rossendale. It sits within the Lancashire LEP area and the Lancashire and West Yorkshire Regional School's Commissioner Office.

The College's offer is predominantly vocational and offers 14 of the 15 areas of learning. In addition the College has recently introduced a suite of 6 A level subjects that sit as options for its BTec programmes. It is currently determining whether to expand this offer.

The number of 16-18 EFA funded students at the College has fallen by an average of 100 learners a year over the past three years. The College also has a large proportion of adult students but targets have similarly not been achieved and only 72% of 19+ apprenticeships have been delivered.

Quality of provision was judged by Ofsted as 'outstanding' (Grade 1) in 2009. The College is currently self-assessing as 'requires improvement' (Grade 3) as there has been a decline in 16-18 success rates

The College was issued with a Financial Notice of Concern in November 2015 following a judgement of Inadequate Financial Health based on the review of their 2015-17 Financial Plan. The financial plan for 2014/15 and 2015/16 indicates continued inadequate financial health.

As a result it was decided 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 Executives of the funding agencies on;

- Plans for learner numbers that were unrealistic, particularly in one Faculty.
- The income assumed in the budget for some income streams, was higher than the curriculum plan suggested was deliverable.
- The capacity and capability of the College's leadership and governance to secure a sustained financial recovery within an acceptable timetable.
- The capacity and capability of the College's leadership and governance to secure a sustained recovery for the quality of provision, 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).

- How and when progress should be monitored and reviewed taking into account the Agency's regular monitoring arrangements

Assessment Methodology

Two FE Advisers carried out an assessment during the period 8th to 10th December. 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.

The Role, Composition and Activities of the Board

Accrington and Rossendale College is governed by a Board which includes external governors from business, the community and education, although not Further Education. The main committees meet three times a year, and the full Board meets four times. Minutes are detailed but in most cases they do not show sufficient challenge to the Senior Management Team.

None of the meetings appear to be focused enough on achieving a rapid recovery in finance and quality. It is noted, however, that once the current situation was recognised at the end of the last academic year, the Board asked for an investigation to be carried out. The issues that were identified as being part of the cause have been addressed in the recovery plan.

The Chair has recognised that the Board needs to be meeting more regularly in order to monitor the plan, and has proposed a recovery group that meets outside of the current meeting structure and works with the authority of the Board, so that this is not undermined. This proposal is supported by the review team.

The College is currently operating from a Transformation Plan, Recovery Plan and Quality Improvement Plan. There is some commonality between these plans and they could be rationalised.

The current Clerk has been carrying out the role for the last six years. He was a lecturer at the College for 28 years and originally combined both roles. He has recently retired from teaching and now works purely as the Clerk. Prior to being the Clerk he was a staff Governor.

The Executive Team

The current Executive Team consists of the Principal, and two Vice Principals. These are all internal promotions. Below the Executive Team there is a structure consisting of five Heads of Faculty, and Support Directors. This is a flatter structure than during 2014/15 and the main change is that all Curriculum leads report directly to the Vice Principal. There was a major restructure of the middle manager during the middle of the academic year, which resulted in the loss of the Director of Curriculum and a change in role for the Heads of Faculty.

The Present Financial Position - Overview

Prior to 2014/15, the College had reasonable financial performance with operating surpluses in 2010/11, 2011/12 and 2012/13, and a small deficit in 2013/14. This resulted in financial health assessments of good financial health in 2011/12 and 2012/13, and satisfactory for 2013/14.

The College was issued with a Notice of Concern in November 2015, however, following a judgement of inadequate financial health based on the 2014/5 forecast and outturn as part of the Financial Plan submitted to the SFA in July 2015, and updated in September 2015. The College was reporting an adjusted operating deficit in 2014/15, largely due to its failure to deliver its income budgets for the year. It has also forecast a deficit for 2015/16.

The College has undertaken regular staff restructuring over recent years to endeavour to reduce costs in line with income reductions to address its financial issues. Over this period the College has spent approximately £750k on restructuring, with 32 FTE leaving through redundancy. However, despite these cost reduction initiatives, there has been in increase in pay expenditure as a percentage of income, and a decline in the operating performance. In part this has been the result of reductions in income, especially in 2014/15, but prior to 2014/15, the number of FTE staff reported in the finance records increased from 320 in 2011/12 to 329 in 2013/14. The number, however, had declined to 300 by the end of 2014/15.

The College has undertaken a detailed investigation into the causes of both its financial performance and its inability to accurately forecast its financial position during the year. The report identified a number of causes. The assessment visit confirmed the following as being the most significant;

- Plans for learner numbers that were unrealistic, particularly in one Faculty.
- The income assumed in the budget for some income streams, was higher than the curriculum plan suggested was deliverable.
- Insufficient focus on delivering planned numbers in the established business processes of the College.
- Lack of timely and accurate management information to support performance monitoring and decision making.
- Loss of key staff, and distractions caused by a restructure of curriculum management.
- Excess reliance on sub-contracting to deliver the 24+ loan income.

One key factor behind the declining financial performance is the very low average class size which the College is achieving. The overall average class size to date in 2015/16 is reported by the College to be 9.9, with the highest figure of 11.4 being achieved by the faculty of HE and Professional Development.

The curriculum planning and budget setting process for 2015/16 was commenced and largely completed before the under-performance in 2014/15 was apparent. There is therefore a risk that the over planning evident in 2014/15 will have been repeated.

The management information available to monitor performance of key income streams has been improved to enable action to be taken to address performance issues if necessary. The heads of faculty have clearer responsibilities for income streams and the College Funding Development Group monitors performance each month using live data which is a change from the previous year.

College managers and governors have expressed determination to deliver the budget, and have taken rapid steps to secure improved financial performance. However, the assumptions which underpin the budget are extremely challenging.

The current learner number and funding data suggest there is a high risk that the College will not achieve its income targets for 2015/16 resulting in a further deterioration in financial health. Whilst the forecast for ASB is relatively positive, actual performance to the end of November was significantly less than plan, suggesting that the College is again very dependent on a surge in recruitment and delivery in the spring and summer terms. The anticipated surge did not materialise in 2014/15 leaving the College no time to take corrective action. The College is also identifying the achievement of full cost income as high risk.

The systems for monitoring learner income appear stronger this year. However, the action plans necessary to guarantee delivery of planned enrolments and income are less evident. Ownership and accountability for achieving income targets is not clear, which increase the likelihood of the income not being realised.

In response to the inadequate financial health assessment, the College has commenced the process of developing a strategic College Transformation Plan, and a Financial Recovery Plan. Both are supported by a schedule of savings to be achieved in 2015/16.

As currently drafted the plans are not sufficiently detailed nor focused to enable the College to achieve its objectives. They are also insufficiently clear about key targets, milestones and dates of actions to enable the Board to monitor progress. The College would be better served by one comprehensive plan.

The College need to be much more explicit and ambitious about the actions necessary to return the College to satisfactory financial health in 2016/17, and to clarify responsibility for delivering the actions required. In particular the College needs to do more to reduce the percentage of income spent on pay by addressing its historically low and unsustainable average class size and by bringing teachers contracts more in line with those common in other colleges.

The executive team of the College do not have experience of developing and implementing a recovery plan and would benefit from working alongside someone who has had that experience. The College has recently sought advice from another FE College which has been through a recovery process, and intends to develop the recovery plan in line with their practice. The College should seek to continue that relationship, or look to bring in additional support to work alongside the executive team to strengthen the recovery planning and delivery process.

The College's internal auditors are RSM, and the external auditors are Grant Thornton. The annual internal audit report for 2014/15 concluded that the College has 'adequate and effective governance, risk management and control processes to manage the achievement of its objectives.' The opinion was based on 4 pieces of work, each of which provided substantial assurance on the systems examined. The draft Audit Findings Report from the external auditors, identifies no control issues.

Quality Improvement

The College was inspected in 2009 and was graded as Outstanding.

Ofsted have not been concerned over recent years and have not visited the college apart from a focused inspection on some 14-16 provision. However, the current success rates are showing a decline and inconsistent picture, which could result in an inspection in the near future.

The College has recognised its decline in performance and has self-assessed as Grade 3 – Requires Improvement. Within the provision there are three curriculum areas that they have graded as Grade 4 – inadequate

Success rates for 16-18 year olds have decreased over the last three years, although Adult results remain strong. In 2014/15 the overall success rate for all programmes was 84.9% declining from 90.2% the previous year.

The success rates for 16-18 show clearly that English and Maths are having a large impact on the overall results. However, without English and maths there are some poor results, and when compared to the overall college results it is clear that the success of the adult provision is supporting these. Improving 16-18 results needs to be a focus for the College for 2015/16. There is a revised English and maths strategy and a cross college group is being chaired by the Vice Principal for Curriculum and Quality.

A Quality Improvement Plan has been written and the first update reflecting the impact has been produced. The plan is not written with sufficient detail to understand fully how targets are to be achieved. There are, for example, no milestones - all deadlines are set as 'July 2016'. Although impact is recorded it is unclear if this was the impact that was planned. The Director of Quality has recognised these shortcomings and will re-write the plan with the other managers who are responsible for the actions. This should be monitored at the Board's recovery meetings as well as at regular Executive meetings.

The self-assessment process uses a very detailed scorecard that grades over 40 indicators. There are limiting grades such as, contribution, apprenticeship success rates and class room based success rates including English and maths. These limiting grades will prevent an area becoming outstanding. There is also a very detailed special measures process that interrogates areas where performance the previous year was poor.

In summary the quality team appear to have all processes in place but they are not currently being effective in quality improvement. The Vice Principal has just completed her first full year in this post and has recognised that some of the processes are not producing the correct results. On appointment she was allocated a mentor but they moved out of area. It is recommended that a new mentor is appointed to support her in the recovery process.

Teaching and Learning

The College has an established observation process, and is one of the few colleges who have achieved 'no notice' observations, which are welcomed by staff, if not by the Unions. These have been in place since May 2012. Grades are still given.

There is a team of 18 trained observers who carry out all their observations during the first half of the academic year. The initial focus is on new staff and those areas that are in special measures as a result of self-assessment. The second half of the year then concentrates on staff development informed by the results of the observations. Any staff who join in the second half of the year and any still causing concern are observed. Learning walks continue throughout the year. Governors are encouraged to participate in teaching and learning walks.

The observation profile as assessed by the college for 2014/15 was 33% grade 1 and 52% grade 2. Teaching and learning in the college therefore appears to be good and observation reports demonstrate a variety of delivery. The College's strategy is to use ILT to enhance learning and not just as a method to reduce class contact time. It does, however, use the VLE to support homework and some on-line learning where appropriate. Students were happy with the content and structure of the VLE.

Due to poor results last academic year the English and Maths department has been re-organised. The delivery team for 15/16 has been refreshed with 50% new tutors in place. There is a revised process for tracking. There has been one meeting of the special measures team to look at current performance. Attendance has improved on 14/15 but is not at the level of the main programme. Teaching observations carried out this year show improvement on 2014/15 but there is still some inconsistencies on feedback given to learners.

Conclusions

The College faces a very difficult financial situation and a decline in success rates with poor English and maths results. The financial health of the College started to decline in 2013/14 and has accelerated markedly in 2014/5 as a result of the College's failure to achieve its budgeted income. The College's ability to manage the situation was undermined by ineffective management information systems which did not highlight the problems quickly enough. Although the College has now taken action to reduce costs, the current performance suggests that delivering the budget for 2015/16 will be a considerable challenge. The draft recovery plan is not yet robust enough to enable the Board to have confidence that it will deliver the desired improvements. The college should adopt benchmark indicators on how the college performs compared against other colleges on a range of costs/measures. Setting the individual college indicators against the sector as a whole will provide some context to its performance

Processes are in place but are not proving effective. Curriculum Planning is not addressing the college's average class size which is far too low to enable it to achieve a reasonable financial performance. Teacher utilization is good, but the expectations of the contract in terms of teaching hours are lower than those in comparable colleges. Self-assessment and quality monitoring are not proving effective in raising achievement, with English and maths being a key area for improvement.

The College has taken on considerable debt in order to improve its estate. Those investments have not to date generated the expected increase in learner numbers and income.

The Intervention Team concluded that the College was aware of the issues raised but that it was going to be difficult for them to bridge the gaps that were currently appearing against their targets. In light of these concerns a monitoring visit should take place before the end of the Spring Term.

Recommendations:

- The College should urgently revise the recovery plan to produce a comprehensive, detailed plan, which includes key milestones, actions and targets to enable the Board to monitor progress. The College should use external support to ensure the robustness of the plan.

- As part of the Recovery Plan, the College must confirm the availability of cash support from the Bank and discuss the need for exceptional financial support from the SFA.

- The Executive should lead a review of its curriculum planning process to ensure that it addresses the issue of low class sizes, and the inconsistency of contribution numbers. Those curriculum areas with the lowest financial contributions should be reviewed as priority.

- The College should urgently review its curriculum plan for the remainder of the year to ensure it is viable and capable of being delivered.

- The College should seek to reduce its pay costs by reviewing and updating teachers' contracts.

- The QIP should be rewritten to include detailed actions and milestones.

- A review of quality improvement processes should be carried out to analyse the parts of the process that are causing improvement, and remove the areas that do not add value. As part of this a review of the KPIs is required, and a live dashboard developed.

- A mentor for the Vice Principal Curriculum and Quality should be appointed to support her role in the recovery process

- The College should participate in the national programme of area-based reviews and in particular the forthcoming Lancashire area review.

- The College should also begin to explore opportunities for closer local collaboration / partnership and or the potential for merger.

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BIS/16/374