



Sixth Form College Commissioner Assessment Brooke House Sixth Form College: Summary and Recommendations Sixth Form

Background

Brooke House Sixth Form College (BSix), which opened in 2002, is situated in the London borough of Hackney.

Around 1,350 students attend the college. Most students are aged 16 to 18 and are enrolled on study programmes. Continuing students aged 19 and over follow the same study programmes as their younger peers as they are in their third or subsequent year of continuous study. The small number of students for whom the college receives high-needs funding also enrol on study programmes. Around a third of students are on AS- and A-level programmes, a third on vocational programmes at level 3, and the remaining third on vocational or GCSE programmes at level 2, or vocational programmes below level 2. The highest number of enrolments are in science, mathematics and humanities subjects. OFSTED inspected in April 2016 awarding a Requires Improvement (Grade 3) for Overall Effectiveness. There are circa 100 learners aged 19+, most of whom are funded through the Adult Education Budget, and the remainder are unfunded.

The College was issued with a Notice to Improve (Financial Health) in March 2017 following a review of the college's audited financial statements and finance record for 2015 to 2016, which graded the colleges financial health as "Inadequate."

The Sixth Form 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 BSix College's current leadership and governance to implement financial recovery within a reasonable timeframe;
- 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 Sixth Form College Commissioner advisors, together with Education Funding Agency personnel visited the college on 15 March 2017. The findings from this visit 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 and stakeholders.

Area Based Review

The Report of the Central London Area Review published in February 2017, based on analysis undertaken in 2016, included the recommendation that the Brooke House Sixth Form College should remain as a stand-alone sixth-form college, working to improve its financial position and its quality against an improvement plan agreed with the Department for Education's funding agencies.

The report further stated that, "Should the funding agencies determine that insufficient progress is being made the college will pursue options for further collaboration, up to and including a merger, to secure the viability and quality of local provision."

The Role, Composition and Operation of the Board

The Board consists of 17 members, including the Principal, 2 staff members and 2 student members and supported by an experienced clerk.

The Chair joined the Corporation in June 2013 and is retired after a career in international cultural and educational diplomacy with the British Council, and latterly as a director of a Hackney based education charity. The Chair of Finance and General Purposes Committee is an experienced lawyer specialising in mergers and acquisitions. Other Governors include two Chartered Accountants, an Auditor and a Human Resources Consultant.

Executive Team

The college is under the leadership of Ken Warman, who has been Principal at the college since October 2006. The Principal is the only senior post holder currently designated by the governors. The Principal is currently directly line-managing the 6 major heads of department, as well as the 3 other members of the senior team, and the Finance Director. The current line-management structure places significant direct line management responsibility with the Principal.

The College board should consider the degree to which this is effective, both as a management structure and in terms of supporting effective strategic leadership.

Curriculum and Quality

Quality

The quality of provision requires improvement. Ofsted inspectors have identified student achievement as a weakness.

The most recent value-added analysis by ALPS of level 3 provision gives overall “T scores” of 7 for BTEC courses and 8 for A levels. Grade 8 places the college in the bottom 10% of providers for A level for value-added. Grade 7 equates to the bottom 25%.

Curriculum Offer

The college has an unusually wide curriculum offer for a sixth form college. It offers courses at levels 1, 2 & 3 to meet the needs of local students.

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

Student Recruitment

As in previous years, during the first few weeks of the academic year, the college expects to initially enrol up to 900 new students in September, with the expectation that there will be a very high dropout rate, leaving only approximately 650 new learners on roll by the census date for funding in 2017.

While a key element of the college strategy is to operate as a comprehensive, inclusive institution serving the local community, the college needs to ensure that students are recruited onto courses that are appropriate for them.

The Estate

The College operates from a single site.

Due to the decline in the student intake, space utilization is declining. As part of the area review in 15/16, the college identified that they had circa 1,415 16-18 year old learners (plus 100 19+ AEB) against a potential capacity for 1,630 learners. The number of 16-18 year old learners has since reduced further to 1,247 learners (R06 16/17). As such, there is some overcapacity on the site.

Financial Position

The College was issued with a Notice to Improve (Financial Health) in March 2017 following a review of the college’s audited financial statements and finance record for 2015 to 2016, which graded the college financial health as “Inadequate”. Also, the

ESFA is minded to issue the college with a Notice (Financial Control), including planning, monitoring and procurement shortly”.

The college’s financial position deteriorated as a result of a decline in the number of students it recruited and retained, resulting in a mismatch between its income and its cost base.

The College’s governors and leaders recognise the need to both stabilise their student numbers and reduce their cost base if the college is to remain viable as a standalone institution. They have drawn up a Strategy and Plan for 2016/17 to 2019/20 setting out how they propose to deliver both financial sustainability and quality improvement.

Underpinning this Strategy, the College has produced a series of iterations of a Financial Plan, taking into consideration ongoing feedback from the Sixth Form College Commissioners’ Advisors and the agency, to demonstrate how it can achieve at least a financial health grading of at least satisfactory for two successive years.

The final draft of the financial recovery plan is to be shared with the ESFA, once approved by the Governing body.

Income and Expenditure Account

The College position is not sustainable without active measures being taken to ensure that student numbers hold up, and that the college can meet its costs within the funding it receives. There is a need to undertake a comprehensive review of the college’s strategic options quickly, so that the college is in a position to make decisions about its future in the autumn when the recruitment and retention figures for the 2017 to 2018 are clear.

In the meantime, the College needs to take action both in-year and as part of its budget planning for 2017 to 2018 to 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 to 2018 will exceed the operating deficit forecast for this current year.

Balance Sheet

The cash position is likely to erode rapidly in 2016 to 2017. The forecast net cash outflow in 2016 to 2017 would not be sustainable without firm management action, as described above. If current trends were allowed to continue, the College would be at risk of running out of cash during 2017 to 2018 and could not continue operations without an overdraft facility. The college is dependent on a £500k overdraft facility for operational purposes that will be reviewed by Barclays Bank in July 2017. This underlines the imperative for a review of the College’s strategic options to be conducted by autumn 2017.

Procurement

The college's audit reports have identified areas in procurement in which a full assurance was not provided, in particular matters relating to consultancy contracts for marketing and catering. The marketing contract has now been successfully re-tendered, but the catering contract remains outstanding.

Conclusions

The Corporation and the senior leadership of the College needs to improve the arrangements for oversight and management of financial control immediately.

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 rather than a deficit. Forward planning should include consideration of whether the wide range of courses currently provided can be 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, Principal and Financial Director and the agency 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 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.
3. The Governing Body to closely monitor progress with financial recovery and oversee the college's monthly updates to the agency.
4. The college undertakes a curriculum review to strengthen the financial viability of the college's provision, including developing a contingency plan if student numbers fall further.
5. 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.

6. The college ensure that students enrol on to appropriate courses, and concentrate on raising the standards of teaching and learning to improve value-added to a satisfactory level.
7. The 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 should designate 'Deputy Principal' as an additional senior post, so that the replacement for the interim VP is open to full national advertising and recruitment, and so that the governing body can take a full role in the selection process.
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.
10. The college immediately recruits an employed catering manager on terms appropriate for such a position having performed research and benchmarking with other colleges.

Peter Mucklow

Sixth Form College Commissioner

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