



Department
for Education

Annual report of the Further Education Commissioner

1 September 2017 to 31 July 2018

November 2018

Contents

Summary	3
FE Commissioner activity and impact	6
Formal Intervention	6
Diagnostic Assessments	7
Structure and Prospects Appraisals (SPAs)	7
Quality improvement	8
National Leaders of Further Education	10
Principals' Reference Group	11



Summary

This year has seen some significant achievements in strengthening the FE sector. It has also highlighted the challenges that remain to be addressed.

Due to the expansion of the FE Commissioner role, we have been able to support more colleges earlier, and often support those colleges to tackle issues before they become too serious.^{1 2} In some cases, colleges have asked us to visit, understanding that Diagnostic Assessments can be a tool for college governors and leaders to assist them in planning for the future, and not just a sanction against colleges facing challenges.

The introduction of Diagnostic Assessments have meant that we have been able to visit 29 colleges during the reporting period, in 15 of which we have strengthened improvement plans, and in 3 cases we have put the college into Formal Intervention. In these cases we have been able to get a head start on recommending action, which was not an option before the creation of the diagnostic assessment process, when it may have taken longer to act and problems may have worsened.

We have continued to formally intervene in colleges where that is the appropriate course of action and have worked with college leadership teams and governing bodies to turn them around. With 8 colleges going into Formal Intervention, compared to 20 last year, progress is being achieved – fewer colleges are receiving inadequate Ofsted grades, and problems are being tackled earlier, including through structural change.

While each college my team and I visit is different, and the reasons that they need support may vary, there are clear actions that all colleges can take to put themselves on a solid footing. Colleges need to ensure they have a costed curriculum plan, setting out margins by course, and boards need clear and accurate management information to support this. The board should have a clear focus on teaching, learning and assessment, and have a clear mission that the organisation understands, which provides context for all board decisions. Furthermore, college boards need to be realistic, particularly about forecasted revenue, and have the right expertise to do this; and governors need to have the strength and expertise to challenge robustly.

¹ <https://www.gov.uk/government/publications/fe-colleges-intervention-policy-and-the-fe-commissioner-role>

² This report covers FE colleges, and not Local Authority Providers.

We have seen further progress in strengthening the long-term position of colleges through structural change, with 17 college mergers going ahead this year. At this stage in the process, the remaining mergers are more challenging, and it is testament to the hard work and commitment of college leadership teams, my team of deputies and advisers, and the Education and Skills Funding Agency (ESFA), that these are being achieved.

My team have also led 12 Structure and Prospects Appraisals (SPAs) in the year, which shows that some colleges that were forecasting financial stability have needed to change their view. Given that the Restructuring Fund is no longer available, it is even more important now that colleges are putting in place robust forecasts, and taking action if they think they may be in financial risk.

Since last year the FE Commissioner role has had a wider remit to both support colleges more broadly in improving quality, and to ensure that the practitioner perspective is fed into the policy process, ensuring more effective implementation.

The appointment of National Leaders of Further Education (NLFEs), and the creation of the Strategic College Improvement Fund (SCIF)³ have enabled us to support colleges in accelerating quality improvement. The NLFEs were appointed following a competitive application process, and have an impressive record of improving performance. Through the SCIF a much broader range of colleges have come forward in addition to the NLFEs to support other institutions in improving. This is really commendable, and early feedback indicates that a lot has been achieved. I would like to pay tribute to all the colleges that have contributed to the progress that is being made. Sharing good practice is one of the sector's most powerful improvement tools.

The Principals' Reference Group (PRG), created as a set of outstanding college leaders used by the Department for Education to feed into policy is having a significant impact. This group has fed into a wide range of departmental thinking – examples include T-Level development, preparation for the Spending Review, and support for workforce development. The Minister for Apprenticeships and Skills takes a keen interest in the PRG, and it is highly valued by senior officials. While it is not a substitute for broader consultation with the sector and representative bodies, it is extremely valuable that detailed practitioner input can be provided at an early stage of thinking.

FE colleges face another year of real challenge. Apprenticeships reform and T-Levels implementation mean that colleges will need to keep adapting. In addition, the start of the insolvency regime, and the end of the Restructuring Fund and Exceptional Financial Support mean that there are real risks to colleges and the communities they serve, if a college is failing. Therefore, it has never been more important to plan ahead, and create

³ <https://www.gov.uk/guidance/guidance-for-applicants-to-the-strategic-college-improvement-fund>

robust and realistic forecasts of future revenue. If colleges feel they need support, they should not hesitate to contact me.

Richard Atkins, CBE
FE Commissioner

FE Commissioner activity and impact

Formal Intervention

60% decrease in Formal Interventions

27 colleges in intervention
as of 31 July 2018

8 Colleges into Formal
Intervention

13 out of Formal
Intervention

5 for financial reasons

None for Ofsted inadequate
grade

3 escalated from Diagnostic
Assessment

In this reporting period, 8 colleges entered Formal Intervention, meaning we have seen a 60% decrease in colleges entering Formal Intervention overall, since the last reporting period. This is due to the hard work and effort that colleges have made to improve and the subsequent drop in colleges being rated Inadequate by Ofsted in the reporting period. The number of colleges referred to the FE Commissioner for financial reasons has stayed the same.

Targeting of colleges that are rated requires requires improvement by Ofsted, and the use of the Strategic College Improvement Fund and National Leaders for Further Education have meant that colleges have been given significant support to improve quality. While much still needs to be done, with over 20% of colleges rated Requires Improvement, this indicates that quality-focused initiatives are having an impact.

Of the 8 colleges that have been put into Formal Intervention, 6 of these have either been through or are going through a SPA.

While restructuring is often needed in colleges with serious financial issues, this is not always the case. Often changes to leadership, or a renewed focus on a sustainable costed curriculum plan, can bring about real improvements in a college.

Diagnostic Assessments

29 Diagnostic Assessments

16 strengthened plans

10 approaches
endorsed

3 escalated to Formal
Intervention

6 colleges undertaking
SPAs after Diagnostic
Assessments

There has been a huge amount of work on Diagnostic Assessments this year, leading to a real impact on colleges. Action has been taken or recommendations made in two-thirds of the colleges that we have visited. This means that 19 colleges have been supported much earlier than would have been the case previously.

In most cases, intervening earlier means we can take action before problems become very serious and very costly. While one of the principle aims of Diagnostic Assessments is to resolve issues before Formal Intervention is needed, in 3 cases the situation in a college has been serious enough to warrant escalation. This intensive support will prevent these colleges from deteriorating further, saving money and protecting learners.

Structure and Prospects Appraisals (SPAs)

21 SPAs started

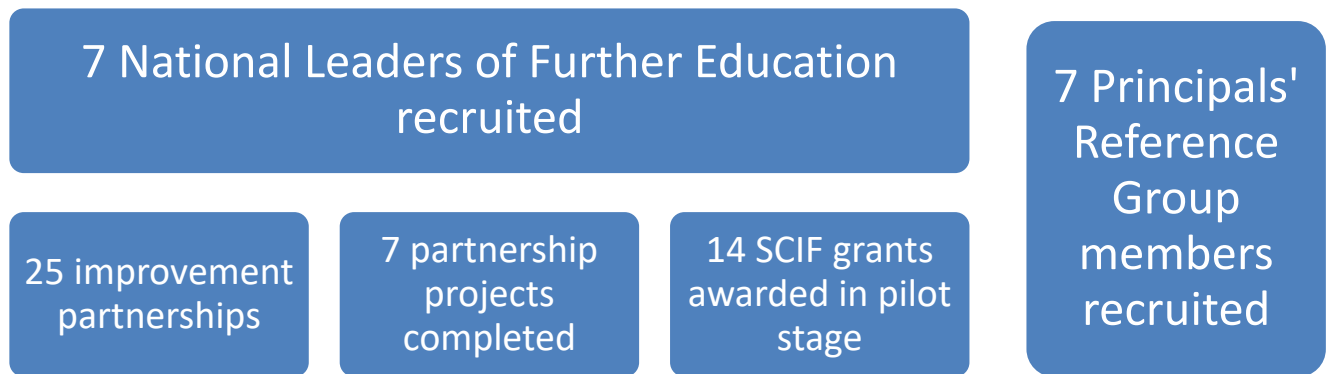
12 mergers agreed to date

The reporting year was the last opportunity for colleges to apply for the Restructuring Fund to support changes to their structures. As a result, there have been a large number of SPAs this year.

At the end of the last reporting period, 58 mergers were identified as part of the Area Review process, this has risen to 68. Many colleges that elected to stand alone despite Area Review recommendations now find themselves in a position where a merger is necessary. While the Restructuring Fund is no longer available, colleges should still consider whether they have the right structure for the future. The FE Commissioner can

still lead SPAs for colleges that want to assess options for structural change, and pursue mergers.⁴

Quality improvement



The recruitment of NLFEs (see map on page 10) has meant that more resource is available to colleges who want to focus on improvement projects and receive support from some of the best leaders in their field. Funding through the SCIF is dependent on colleges identifying an improvement partner, and NLFEs, in some cases, have been part of these partnerships. However, NLFEs have not limited themselves to supporting colleges applying for the SCIF; they are currently involved in 18 projects that range from focusing on leadership and governance to improving Management Information Systems.

14 colleges took part in the SCIF pilot, which ran from November 2017 to July 2018. The pilot has informed changes to the main phase, along with input from the FE Commissioner and his team. The first colleges to be granted funding as part of the post-pilot SCIF, have been informed⁵.

⁴ <https://www.gov.uk/government/publications/fe-commissioner-led-structure-and-prospects-appraisals-spa>

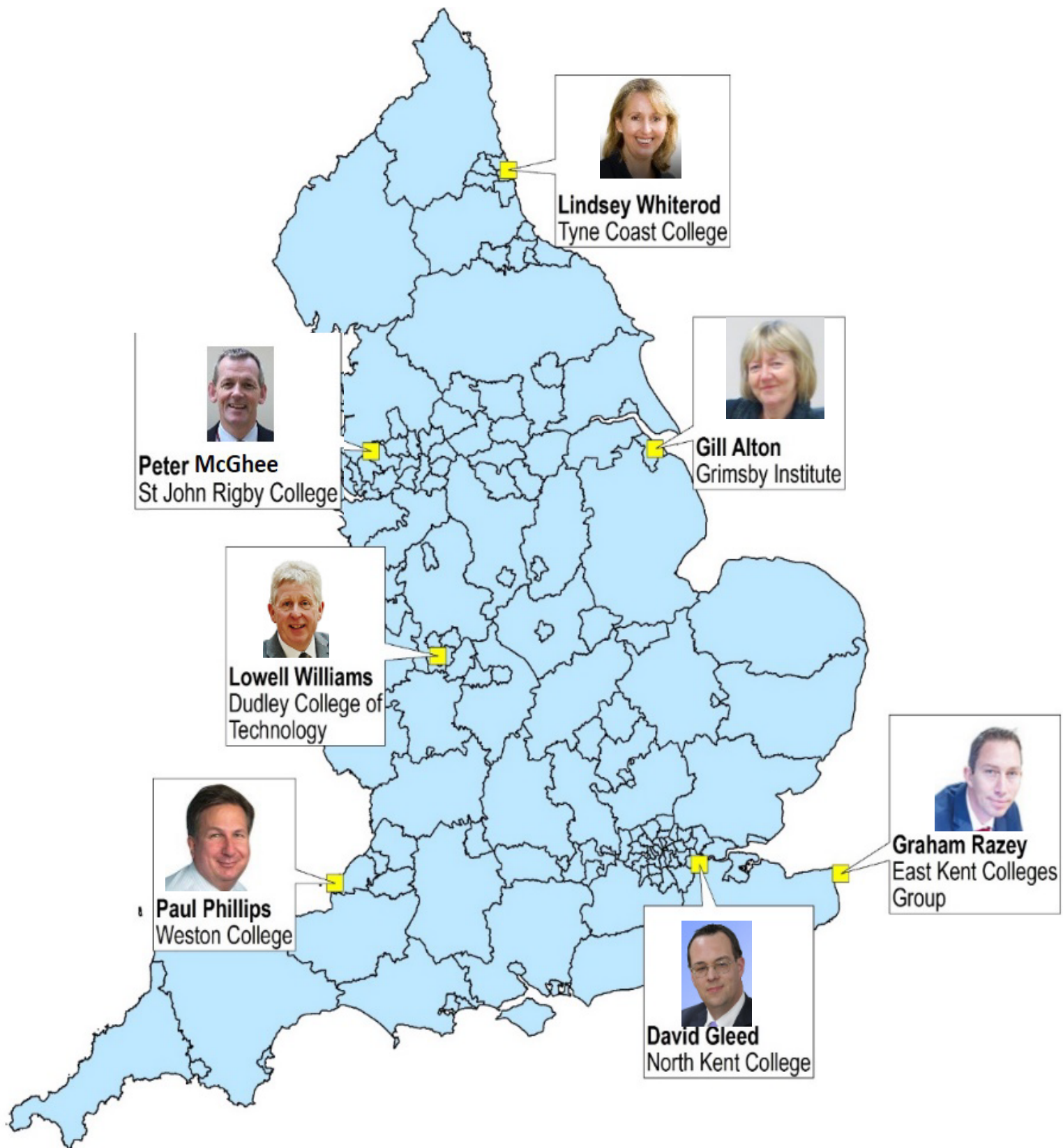
⁵ <https://www.gov.uk/government/publications/strategic-college-improvement-fund-successful-applicants>



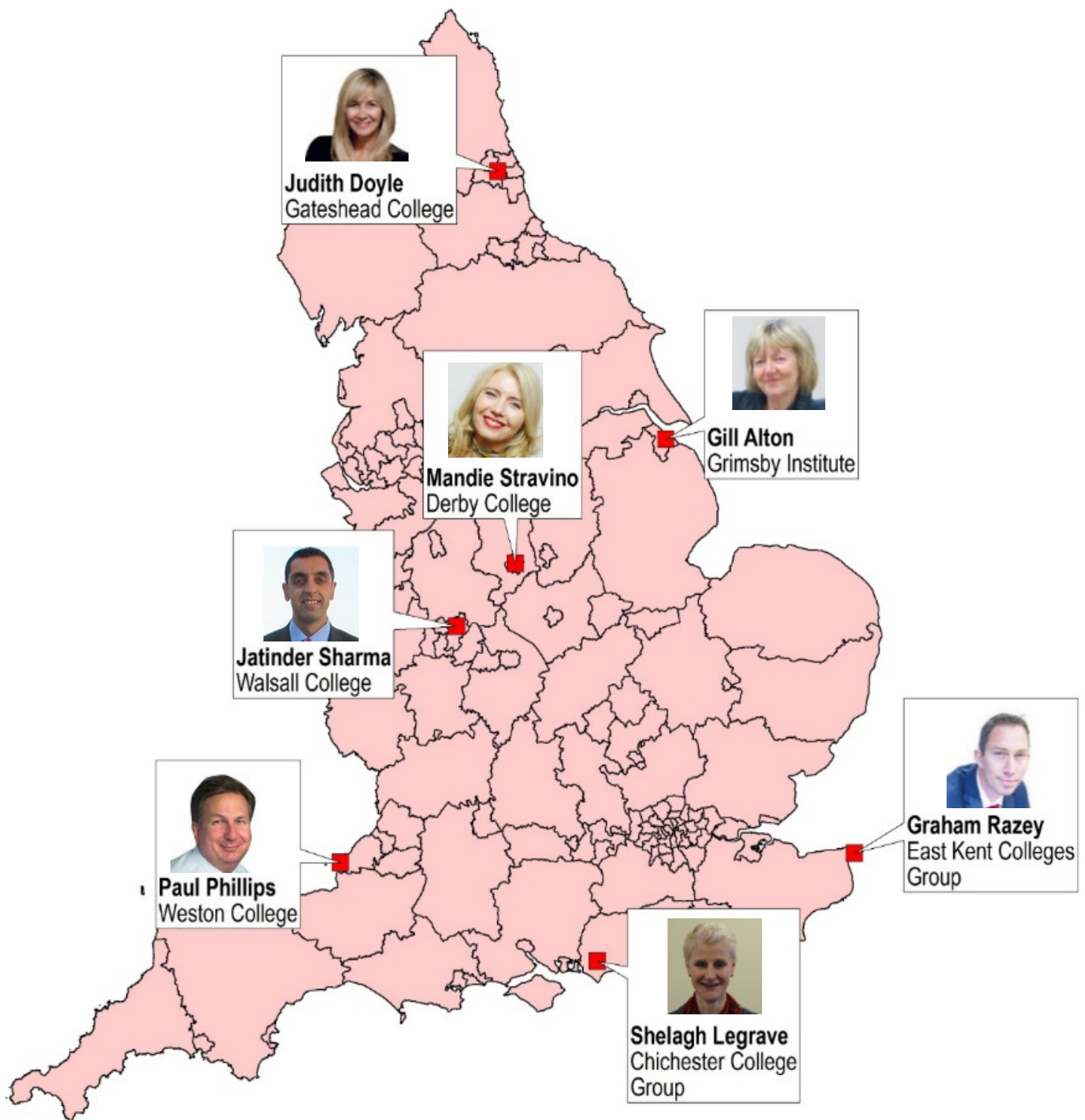
**Principals'
Reference Group
(PRG) members
with
Apprenticeships
and Skills Minister
Anne Milton MP**

The PRG (see map on page 11) has met 3 times in the reporting year and has been providing valuable policy input and challenge to the FE Commissioner. Members have provided input on topics such as T-Levels, FE teaching profession and participation, Review of Post-18 Education and Funding, and High Needs and Special Educational Needs (SEN) Funding.

National Leaders of Further Education



Principals' Reference Group





Department
for Education

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