



Department
for Education

FE Commissioner Summary Report: Warrington and Vale Royal College

July/August 2019

Contents

Background to FE Commissioner Intervention Assessment	4
Overview of the college	4
Leadership and Governance	5
Role, composition and operation of the board	5
Leadership and Senior Management team	6
Curriculum and quality improvement	6
Ofsted inspections	7
Quality improvement	7
Attendance, retention and achievement	9
Effectiveness of the college to manage and improve quality	10
Finance and Audit	10
Financial performance 2017/18	10
Financial performance 2018/19	10
Financial forecast 2019/20 and 2020/21	11
Internal and external audit	11
Cash flow / liquidity	11
Estates	12
Conclusions	12
Recommendations	13
Annex A – Information reviewed	14
Annex B – Interviewees	15

FE Commissioner Intervention Assessment Report

Warrington and Vale Royal College

Name and address of college	Warrington and Vale Royal College Winwick Road Warrington, Cheshire WA2 8QA
Assessment undertaken by	Richard Atkins – FE Commissioner Teresa Kelly – Deputy FE Commissioner Bob Smith – FE Adviser
Chair of the college	Mervyn Ward
Principal / Chief Executive of the college	Nichola Newton
Clerk to the Corporation	Laura Churchill
Date of assessment	23 July and 29 August 2019

Background to FE Commissioner Intervention Assessment

Warrington and Vale Royal College was referred for FE Commissioner (FEC) intervention, following the issue of a Notice to Improve (Ntl) by the Education and Skills Funding Agency (ESFA) on 17 June 2019, to report on the college's Inadequate financial health grade.

Before the Ntl was issued, the college had been subject to a diagnostic assessment in May 2018 and subsequent monitoring visits in October 2018 and April 2019. The monitoring visit in April 2019 recommended a further visit in July 2019 to review progress. This visit was accelerated to a formal intervention visit after the college was served an Ntl.

The FEC's report is intended to advise the Minister and the chief executive of the ESFA on:

1. The capacity and capability of the college's leadership and governance to secure a sustained financial recovery within an acceptable timetable;
2. Any actions that should be taken by Warrington and Vale Royal College to deliver a sustainable financial recovery within an acceptable timetable; and
3. How and when progress should be monitored and reviewed considering the ESFA's regular monitoring arrangements.

Overview of the college

Warrington and Vale Royal College was formed on 1 August 2017 following the type B merger of Warrington Collegiate and Mid Cheshire College (MCC). This merger was not in line with the Cheshire and Warrington area review recommendation but was subsequently adopted as a revised recommendation.

The Cheshire and Warrington area review concluded in July 2016, recommending a single Cheshire general further education (FE) college, merging potentially five general FE colleges into one. Macclesfield College subsequently declined to accept this recommendation, instead seeking a merger with another partner, but the other four agreed in principle to proceed. In December 2016 however, this approach was rejected by Warrington Collegiate and MCC, who instead resolved to merge. This alternative proposal was ultimately accepted as an alternative area review recommendation by the ESFA and FEC in June 2017. The colleges were advised that in confirming this position, they should view the merger as being a potential stage towards the longer-term option of the single Cheshire College; to date, however, there are no indications from the college that they wish to pursue this. The merger went ahead as planned on 1 August 2017. The

college offers provision in 16 to 18 study programmes, apprenticeships, higher education (HE) and adult education and has a large high needs provision.

In 2018/19 the combined college had a 16 to 19 student allocation of 1808 compared to a combined allocation of 2592 in 2015/16. In 2018/19 numbers at the former MCC had declined catastrophically to 350 compared to 1278 in 2015/16.

The merged college has 3 campuses, encompassing the main campus of the former Warrington Collegiate situated just to the north of Warrington town centre; and the 2 former MCC campuses of Hartford and Winsford. Both the latter are situated in the unitary local authority area of Cheshire West and Chester (CWAC), and within the 'Vale Royal' local area which is predominantly rural with small urban districts. Warrington is a large town and unitary authority area which sits in-between the combined authority areas of Liverpool City Region and Greater Manchester.

Since the merger, falling student numbers and income together with inherited challenges from MCC have put significant cash pressures on the merged college, despite staff restructures seeking to align costs to income. On 4 June 2019, the college was formally notified that ESFA assessed it to have Inadequate financial health based on its finance record for 2017/18 and an ongoing assessment of the college's extremely weak cash flow position in 2018/19. On 17 June 2019 ESFA issued a Financial Ntl.

Leadership and Governance

Role, composition and operation of the board

The board is chaired by a former senior public sector internal auditor. He was previously chair at Warrington Collegiate and is supported by the clerk to the corporation. Upon merger, the new board was predominantly constituted with former Warrington Collegiate members. The former interim chair of MCC joined the board but subsequently resigned.

The board operates appropriately and is cognisant of the responsibilities of governance. Clerking arrangements are strong, and the business of governance is well managed. Board membership reflects the skills and experience relevant to the governance of an FE college. The finance and resources committee is chaired by a chartered management accountant, who is also the vice chair to the board.

The chair is aware of the significant financial challenges facing the college and is reflective of the rationale for the decision to pursue a merger with MCC in 2017 given the subsequent major decline in recruitment and the quality of its provision. He reports that governors are aware of the need to swiftly determine and implement a future strategy that addresses the significant decline in student numbers at the MCC former sites and the inability of the new college to maintain financial stability whilst supporting an estate footprint that far outweighs demand.

As a matter of priority, the board must ensure that adequate action is taken to eliminate the risk. However, there is total reliance on the ability of the college to dispose of sites within a given timescale. These disposals are dependent upon specific planning applications. The board needs to ensure that the range of alternative strategies which have been developed are robust and can be brought into play quickly should planning permission be halted, delayed or not be granted. In addition, the board needs to be confident that the disposal strategies currently being actioned are enough to address the underlying position of falling student numbers and falling market share.

Governors need to commission the SLT to develop a clear strategy to reverse the trends in student numbers at the former MCC. If such a strategy does not provide a strong chance of a significant upturn in student numbers, governors will need to consider quickly whether a college in its current financial position, operating on 2 to 3 sites in a highly competitive area is sustainable.

Leadership and Senior Management team

The current principal has been in post since 2015. Following her appointment, a full management restructure was implemented which achieved good savings. The deputy principal finance and resources is a chartered certified accountant and was appointed to Warrington Collegiate in 2005. In addition, there is a director of finance who is a chartered accountant. The majority of the current senior leadership team (SLT) are from the former Warrington Collegiate.

Currently, several of the SLT posts are identified as interim. The principal is in the process of reviewing and developing the roles and function of the SLT, with a view to enhancing the focus on quality and curriculum and determining a permanent structure with permanent posts. Given the imminent Ofsted inspection, it is essential that clarity about SLT structure and the function of posts across the SLT is clear to all staff and those involved in teaching, learning and assessment.

The SLT has been able to demonstrate that it has been prepared to act quickly and decisively, whilst being keen to ensure there is enough capacity to rebuild the offer in the Vale Royal area.

The college faces significant challenges and the previous experience of SLT members should make them well placed to address the current issues. An imminent Ofsted inspection and the management of land sales will require targeted and decisive leadership and support from the board of governors.

Curriculum and quality improvement

As a designated FE college, there is a broad offer which encompasses 16 to 18, adult education, HE and apprenticeships. The largest area of provision is study programmes

for 16 to 18 year olds and the college offers provision across most of the subject sector areas. There is also a large provision for students with high needs.

Given the decline in student numbers at the former MCC, senior managers have introduced a robust process for curriculum planning. It takes account of previous performance and recruitment, labour market information and the requirement to develop new provision and/or extend the levels of provision offered.

Curriculum planning also encompasses the production of a 'curriculum intent' document for each area/course across the college. This activity is designed to ensure that all aspects of the required curriculum are planned for including work experience, tutorial and careers and progression activities.

The HE offer is small and does not link directly to a designated HE institution. However, there is a close working relationship with Chester University, and further development of HE provision is planned.

Ofsted inspections

The college does not currently have an Ofsted grade as it is recently merged. It is likely that the college will receive its first inspection in the 2019/20 academic year.

At the time of the merger, Warrington Collegiate's Ofsted grade was Requires Improvement following inspection in January 2016 (overall effectiveness at previous inspection in October 2014 was also Requires Improvement). MCC's Ntl for an Inadequate Ofsted grading, following inspection in May 2017, was lifted upon the college dissolving on 31 July 2017 (the college's second consecutive Ofsted Inadequate grading).

Therefore, the college will be facing an Ofsted inspection with an inheritance of Requires Improvement and Inadequate judgements. Although there is evidence of improvements in the quality of provision since then, the college needs to take account of this challenging inheritance in its preparations for the full Ofsted inspection.

Quality improvement

The college has developed a comprehensive quality improvement process which is now beginning to demonstrate a positive impact across the college. The following summarises the key strengths and areas for improvement identified in the college self-assessment report:

Key strengths

- Leaders and managers have quickly and successfully implemented many positive changes post-merger, including shared systems and working practices which have resulted in rapid and sustained improvement
- Effective plans are in place to ensure the sustainability of the merged college
- Teaching, learning and assessment methods are good, especially in hospitality and catering, health and social care, art and design, and performing arts
- Teachers are experienced, well-qualified and have good, specialist subject knowledge
- Significant progress has been made at the Hartford campus to rapidly improve learners' progress and achievement
- Achievement rates for learners of all ages are good, with a three-year improvement trend for all ages, and above provider group average (PGA)
- Value added (ALPs) for Level 3 learners is very good
- Achievement rates for 16 to 18 high needs learners are very good
- Arrangements for, and engagement with, work experience is good
- Access to high quality resources to develop occupational skills is good
- The development of employability and occupational skills for learners is good
- Learners' behaviour is good and significant progress has been made at the Hartford campus to improve learners' behaviour
- Arrangements for safeguarding are effective and the college's response to the Prevent agenda is good
- Learners feel safe on campus and benefit from a professional, attractive and well-resourced learning environment

Key areas for improvement

- Not all curriculum areas have performed consistently well, for example, accounting, construction and maths
- Delivery of learning to apprentices in some areas requires improvement, for example, accounting and construction

- Retention rates for 16 to 18 at level 2 are slightly below PGA and require improvement
- Teaching and assessment methods and resources were inconsistent in the first part of the year, particularly at the Hartford campus, and required improvement
- Management of teaching, learning and assessment across adult programmes requires improvement
- Achievement and attendance in maths and English requires improvement
- Maintaining market share across both the Warrington and Vale Royal area

The college secured support from the Strategic College Improvement Fund to work with York College and established the following workstreams which had been identified as requiring improvements:

- Improving attendance and retention on study programmes
- Developing learners' resilience
- Improving the effectiveness of formative and summative assessment
- Targeted and in-depth reviews of: apprenticeships, 19+ programmes; level 2 programmes.

The college has made positive progress in developing and implementing quality improvement processes and recognises that it has areas for further development. It is strongly recommended that the college tests with external support the robustness of its judgements and self-assessment grades to ensure there is no over-grading.

Attendance, retention and achievement

In 2018/19 the college reports good progress with retention, attendance, and achievement despite the previous challenges of poor attendance, behaviour and staff performance management issues.

The college forecasts that the final qualification achievement rates will have improved slightly to at least 86% for 16 to 18, remained stable at 92.7% for adult FE and improved slightly to 67% for overall apprenticeships (71% if legacy provision is excluded).

Attendance on 16 to 18 programmes was reported in June 2019 at 89.5% for 16 to 18 study programmes and 88.4% for adult learners. Value added for 2018/19 overall (and at each campus) is expected to be ALPs score 3.

At the time of the intervention visit, the college was reporting the following in-year position about attendance and retention.

	Position as of July 2019 (%)	Position as of July 2018 (%)	+/- (%)
16-18 attendance	89.2	87.9	+1.3
19+ attendance	88.4	89.8	-1.4
Maths attendance	83.6	81.1	+2.5
English attendance	83.2	82.3	+0.9
16-18 retention	90.3	90.0	+0.3
19+ retention	94.7	93.0	+1.7

Effectiveness of the college to manage and improve quality

The college is progressing the quality improvement agenda well. Curriculum managers are alert to the key issues that need to be addressed and are mindful of how they need to prioritise improvements in teaching, learning and assessment. There may be a degree of over confidence about the measurable improvements since merger, particularly in the area of apprenticeships.

Curriculum managers should clearly summarise the progress that has been made over and above the progress measured through student performance data.

Finance and Audit

Financial performance 2017/18

The forecast audited financial position for 2017/18 shows a significant deficit. Cash days, current ration and staff costs were outside the FEC benchmarks. The college undertook a major restructuring exercise in 2017/18 which will reduce costs in later years. The outturn was also heavily influenced by the impairment of assets.

The college financial health score for 2017/18 is Inadequate.

Financial performance 2018/19

There is a significant deficit forecast in 2018/19. Cash days and the current ration fall below the FEC benchmarks. The college's financial health remains as Inadequate.

The college believes that there are two reasons for the structural deficit:

- Low recruitment from the former MCC due to poor quality of provision resulting in low average class sizes. The college are seeking to recover this provision
- High levels of sub-contracting with a low contribution from in-house provision

Financial forecast 2019/20 and 2020/21

The forecasts for 2019/20 and 2020/21 show improvement with higher cash days in hand and current ratio that meet the FEC benchmarks. Forecasts model a small increase in 16 to 18 income, based on the expected increase in demographics from 2020/21 onwards.

Forecast operating costs will reduce from 2019/20 to 2020/21, comprising some additional costs as well as savings. There will be a reduction in subcontractor costs, in-line with a reduction in subcontractor delivery and estimated, reduced running costs of the college estate. However, additional long-term maintenance costs will increase, and liquidity still remains well above the FEC guidelines in 2019/20.

Internal and external audit

External audit services were provided by Grant Thornton. In their opinion, the financial statements:

- Give a true and fair view of the state of the college's affairs as at 31 July 2018 and of its surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Internal audit services were provided by RSM UK Audit LLP and the audit opinion for 2017/18 was that 'the Organisation has adequate and effective framework for risk management, governance and internal control to ensure that it remains effective'.

Cash flow / liquidity

The operating deficits and merger have had a significant adverse effect on the college cash flow.

The college received some advanced funding from the ESFA in March 2019 which it repaid in June 2019.

The college has developed a number of financial plans and cashflows in case there is a delay in the possible sale of land. These have been reviewed by governors who monitor the cashflow at every meeting.

Estates

The college has developed an estates strategy involving potential land sales, contingency planning should there be any issues with potential land sales, and a feasibility study for a new engineering and advanced manufacturing centre.

Conclusions

There are no major concerns around the governance and leadership of the college – governance processes and clerking arrangements are good. The board and current leadership are aware of the significant issues facing the college and are working hard to address these. The merger with Mid Cheshire College has proven to be highly challenging.

The college faces several key challenges, the most significant of which are as follows:

- A huge loss of learners from MCC (around 900 students aged 16 to 18) which started prior to 2015/16 but has accelerated since the merger to a position where student numbers across both the former MCC sites are below 400
- A very weak financial position and a need to generate funds through land sales.

The successful management of these key critical matters are central to the future success of the college.

Recommendations

1. With immediate effect, governors must commission the SLT to develop a clear strategy to reverse the trends in student numbers at the former MCC.
2. Governors will need to consider whether the college is sustainable in its current form, if the strategy to reverse student number trends does not give a strong chance of significant upturn in the short to medium term. Alternative options, that take account of the failure to reverse recruitment trends, must be modelled as a matter of urgency.
3. The governors and principal must focus on generating funds from land sales and prepare robust alternative plans that take account of the uncertainty and possible delays that might be incurred.
4. The college needs to thoroughly prepare for an Ofsted inspection from 1 October 2019 by:
 - a. Developing a set of written responses to address areas of weakness
 - b. Focusing on developing and writing up a strategy which ensures consistent access for students to college wide services at all sites
5. The governors and principal must continue to carefully manage cash flow throughout 2019/20 and monitor the college's estates plan alongside this.
6. As 2019/20 will be the third consecutive year of deficits, the governing body must insist on a break even or better budget for 2020/21.
7. The FEC team will return for a stocktake visit in November 2019.

Annex A – Information reviewed

ESFA briefing

ESFA Analysis of 16 to 18 market share (August 2019)

Organisation charts

Governor terms of office and appointments

Governor CVs

Governor skills matrix

Governor sub-committee membership

Board meeting minutes and senior management team papers

Board sub-committee minutes and papers

Ofsted Monitoring Report - 2/3 October 2018

College self-assessment report and QIP

Curriculum Planning documentation

Curriculum Intent documentation

Curriculum Plan LMI Analysis

Self-assessment performance data reports

Enrolment data

Predicted student outcomes 2018/19

Estate strategy

Two-year financial plan

Financial recovery plans and key assumptions

Financial statements 2017/18

Management accounts and Risk register 2018/19

Annex B – Interviewees

Principal

Chair

Deputy Principal Finance and Resources

Director of Finance

Clerk

Chair of Finance and Resources

Chair of Standards and Curriculum

Director of Estates

Deputy Principal Curriculum and Quality

Director of Quality

Interim Assistant Principal 16 to 19 Study Programmes

Assistant Principal – STEM and Apprenticeships

Director of HE and Adults

Director of Teaching, Learning and Professional Development

Senior Curriculum Manager (x4)



Department
for Education

© Crown copyright 2019

This publication (not including logos) is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

To view this licence:

visit www.nationalarchives.gov.uk/doc/open-government-licence/version/3

email psi@nationalarchives.gov.uk

write to Information Policy Team, The National Archives, Kew, London, TW9 4DU

About this publication:

enquiries www.education.gov.uk/contactus

download www.gov.uk/government/publications

Reference: DFE-00318-2018



Follow us on Twitter:
[@educationgovuk](https://twitter.com/educationgovuk)



Like us on Facebook:
facebook.com/educationgovuk