Department
for Education

FE Commissioner Intervention Summary: RNN Group

December 2019

Update on progress since FEC intervention assessment

The college has made significant progress since the FEC intervention assessment. This is especially in respect of governance, where there has been a rapid and comprehensive refresh of the governing body, including the appointment of several new governors with strong financial credentials.

A new chair is in place, an independent director of governance is now in post, and support from a national leader of governance (NLG) has been provided.

Important progress has also been made on financial recovery with a national leader of further education (NLFE) having provided support.

Decisive action has been taken by the college to rationalise surplus capacity, including the relocation of provision from the Dinnington campus, which is now completed. Discussions are ongoing regarding the estate and future use of the college campus.

Notwithstanding the impact of the COVID-19 pandemic, the new deputy principal is making important progress on quality improvement and tackling legacy quality issues on apprenticeships provision.

The college has undertaken thorough preparations for re-opening in September 2020, making good use of technology to support blended learning. Whilst this appears to be working well to date, there is increased demand for devices from students which the college needs to be mindful of.

Timely completion of planned asset disposals, coupled with a positive outcome to autumn term recruitment, are critical milestones in the months ahead.

Contents

FE Commissioner Intervention Assessment Report

RNN Group

Name and address of college	RNN Group Rotherham College Eastwood Building Eastwood Lane Rotherham S65 1EG
Assessment undertaken by	Andrew Tyley - Deputy FE Commissioner Cathie Prest - FE Adviser
Chair of the college	Vacant
Principal / Chief Executive of the college	Jason Austin
Clerk to the Corporation	Tony De'Ath
Date of assessment	5 December 2019

Background to FE Commissioner Intervention Assessment

RNN Group was referred for an FE Commissioner (FEC) assessment following the diagnostic assessment (DA) undertaken in July 2019 and a subsequent diagnostic monitoring visit in November 2019.

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 RNN Group to deliver a sustainable financial recovery within an acceptable timetable; and
3. how and when progress should be monitored and reviewed, taking into account the ESFA's regular monitoring arrangements.

At the July 2019 DA, the FEC team concluded that whilst the college's leadership has the capacity to lead improvement in quality and finance, the existing improvement plans need significant strengthening to ensure that improvement is rapidly secured. A series of recommendations were made regarding governance; finance; risk management; and curriculum planning.

In November 2019, a DA monitoring visit was undertaken. Despite positive progress on the college's recovery plan, the FEC team identified serious concerns regarding governance and RNN Group was subsequently escalated into formal intervention.

Overview of the college

RNN Group was formed through a merger between Rotherham College of Arts & Technology (RCAT) and North Nottinghamshire College in February 2016. A further merger with Dearne Valley College took place in February 2017 following a recommendation from the Sheffield City Region Area Review in November 2016.

RNN Group has sites within the Sheffield City Region (SCR) and the East Midlands and Humber Regional Schools Commissioner area. Based at sites in Rotherham, Dinnington, Wath-upon-Dearne, Worksop and Retford, the college also includes:

- University Centre Rotherham (UCR) (higher education delivery).
- RNN Training (apprenticeships delivery).

- Aston Training & Recruitment Limited (a wholly owned subsidiary delivering specialist apprenticeships and workforce development, based in Northampton).

- National Fluid Power Centre (NFPC) (a wholly owned subsidiary delivering specialist training in integrated systems engineering, based in Worksop).

The poor apprenticeships performance in 2017/18 and subsequent failure of minimum standards has resulted in the closure of 2 subsidiary apprenticeship companies. Staff and learners moved to the college's training arm, RNN Training, from March 2019. These companies have now been wound up.

The college also holds a subcontract with Nottinghamshire Healthcare NHS Foundation Trust, who have contract lead and ultimate responsibility for the delivery of children's centres and integrated child health programmes. Under this subcontract, the CEO has ultimate responsibility for staff at a number of children's centres and nurseries. From June 2020, Nottinghamshire Council will take back management of the children's centres and RNN will have no further involvement.

The college has a wide range of subcontracts with third parties, including 22 providers for Adult Education Budget (AEB); 7 providers for apprenticeships; and 4 providers for 16 to 18 study programmes. This level of subcontracting presents risks for RNN Group.

RNN Group received its first full Ofsted inspection in March 2019. Grades in all areas were Requires Improvement (RI), with the exception of programmes for adult learners and those with high needs, which were both judged to be Good.

The 2017/18 finance record shows declining financial health, moving from a planned financial health score of Good to RI and into early ESFA intervention. The financial position deteriorated further in 2018/19.

Leadership and governance

Role, composition and operation of the board

The RNN board operates a hybrid model which the clerk describes as 'carveresque'. Board meetings are held monthly during term time, supported by 3 committees: audit and risk; quality and standards; and search and remuneration.

The current board composition comprises 15 members, including: the CEO/principal; 2 staff members; 2 student members (both vacant) and 10 independent members. In November 2019, there were 3 vacancies for independent governors. Since then, 4 more independent members have resigned from the board (including the chair and vice chair), leaving only 3 independent governors remaining. This has left the corporation severely depleted and underlines the importance of effective succession planning.

Despite the significant financial challenges facing the college, there is no finance committee. This issue was highlighted in July 2019 and in response the board established a finance task and finish group which met for the first time in late October 2019. The board is strongly recommended to put in place a formal finance committee.

Governor oversight of quality improvement needs strengthening. Although the college is currently rated by Ofsted as RI, the quality and standards committee has not met since June 2019 and reporting of quality plans and performance data is not yet sufficiently developed.

In light of the recent resignations and the need to strengthen the effectiveness of governor oversight of finance and quality, the board urgently needs to recruit new governors with skills in finance, property and FE curriculum. This is now in hand, with 4 new governor appointments planned.

Since merger, the board has overseen a decline in quality and finance from Good to RI. Several members of the new senior leadership team (SLT) for the merged college have left during this period. In hindsight, the chair accepts that much swifter action should have been taken to address emerging concerns with the performance of individual members of the SLT. Despite this, the board does not currently have a process in place to review and appraise the performance of the new CEO/principal and other senior post-holders. This should be addressed as a high priority.

The board is supported by an experienced clerk who is also the executive director of corporate services and a full member of the SLT. Although many aspects of routine clerking support are efficiently organised, the current dual role does not provide the necessary degree of independent clerking support. The FEC team recommend that the board reviews the role of the clerk and recruits an independent head of governance. This should free up more of the current postholder’s time to devote to a range of critical and complex property issues, including potentially important opportunities to address significant overcapacity in the estate.

Leadership and senior management team

The CEO/principal was appointed in May 2019 following a national recruitment and selection process. He has worked in further education for 25 years, undertaking various teaching and management roles in 4 different colleges. This includes the role of deputy principal for 3 years at Dearne Valley College leading up to the merger with RNN Group. This is his first principalship in a complex group structure with both financial and quality challenges. National Leaders of Further Education (NLFE) support has been provided by 2 Outstanding colleges, one focusing on financial recovery and the other on quality improvement. This support has been well received and should continue in the coming months to help drive progress.

A former Ofsted HMI took up post as deputy CEO/principal in October 2019. The executive leadership team also includes 3 executive directors for finance, corporate services (also the clerk) and human resources.

The wider SLT is composed of the executive leadership plus 3 assistant principals (who each have a functional responsibility and campus leadership) and the director of apprenticeships, who was appointed in January 2019 and is making a significant impact.

There is a strong sense of team spirit amongst senior staff and common messages, values and priorities were clearly articulated by all. The significant changes to the leadership and management of the college since autumn 2018 are resulting in a more open and collaborative approach which has been welcomed by staff. Staff and middle managers spoke highly of the SLT and recent staff surveys and team meetings on developing a culture of excellence have been well received.

Financial awareness and accountability of senior leaders and budget holders requires further development to improve the reliability of financial forecasting and budgetary control.

Curriculum and quality improvement

Curriculum and provision overview

RNN Group offers vocational provision from entry level through to higher education (HE), delivering across all sector subject areas. Apprentice provision covers 14 sector subject areas and is delivered at intermediate, advanced, higher and degree level.

HE programmes offered are from level 4 to level 6 through BTEC, foundation degrees and top-up degree courses.

The college offers accredited and non-accredited courses for adults entering the labour market with low skill levels, language or confidence barriers. At the Rotherham College and North Notts College, local authority community learning is delivered on a community outreach basis.

Popular sector subject areas for 16 to 19 year old students have been health, public services and care, retail and commercial enterprise, arts, media and publishing, engineering and manufacturing technologies. Governors and senior leaders are planning to implement new land-based provision at Dearne Valley campus.

The majority of apprentices at RNN are on apprenticeship frameworks and the others are on standard-based apprenticeships. Approximately 10% are on higher-level apprenticeships and the remainder are split equally between level 2 and level 3. Significant numbers of apprentices follow programmes in engineering, health and care, hairdressing and barbering, construction, and business and management. In previous years, the college has subcontracted a proportion of its apprenticeship provision; however, due to weak practice and poor outcomes, this has now stopped.

Curriculum planning and development

The curriculum planning process has been revised for courses starting 2020/21, beginning with a review of an NLFE college's planning process as an example of best practice. A series of curriculum planning activities have been scheduled to include a visioning day involving the college management team and stakeholders and sector-based curriculum employer academies.

The introduction of a new curriculum planning working group will be responsible for taking into account the needs of the learners, employers and the local and regional economy and reviewing local demographics and competition. A series of curriculum review meetings involving curriculum and support managers have been planned in the spring term with the intention of signing off the curriculum planning process by early April 2020.

Quality improvement and self-assessment

Since March 2019, the achievement rates for apprenticeships have declined again for the fourth year and are low for all age groups at all levels. In 2018/19, the apprenticeship overall predicted achievement rate for all ages is a 3.4% decline on the previous year and 14% below national rates. Timely predicted achievements for all ages in 2018/19 have declined by 4.1% from the previous year and are 19% below national rates. These poor results have been exacerbated by out-of-funding apprentices not accounted for in the college's management information system, resulting in an outcome lower than leaders and managers had been predicting.

Overall achievement rates for education and training have improved by 3.2% and are at the national achievement rate. Although achievement for 16 to 18 year olds has increased by 2%, this is still 2.4% below the national rate and high grades for learners in this age group on level 3 programmes remain a concern. Achievement rates for adults are in line with the national rate.

The new deputy principal has introduced radical changes to the self-assessment process for 2019/20 to align it more closely to the education inspection framework (EIF); this includes monthly updates so that impact throughout the year can be assessed. This new arrangement is to evaluate learners' progress in relation to how effectively the curriculum helps learners to identify their knowledge, behaviours and skills through adopting a 'deep dive' inspection methodology. The quality improvement plan (QIP) for 2018/19 has been updated and the progress made during 2018/19 has been analysed, particularly in the period since the inspection.

The self-assessment report (SAR) for 2018/19 is still in draft and has yet to be approved by governors. The QIP for 2019/20 has clearly defined priorities and includes the recommendations from the inspection. The deputy principal has recently updated the QIP following the identification of further risks in the development of the SAR. The QIP and any progress made for 2019/20 has not yet been scrutinised or challenged by governors.

Priority actions introduced by the deputy CEO/principal have been agreed by the executive team to improve the curriculum intent, implementation and improve learner outcomes.

All staff have had training in what to expect from the 'deep dive' methodology, and in areas of priority, such as functional skills mathematics, they have taken place. The reviews are comprehensive and provide clear and specific actions to enhance and/or improve the quality. Precise actions for raising standards have been designed for the individual colleges and include continuous professional development in the development of Google classroom as a collaboration tool, pedagogical content knowledge of tutors and the creation of learning communities.

For apprenticeships, new initial assessments have been developed which are aligned to the knowledge, skills and behaviours apprentices need to develop, in order to accurately measure starting points and identify any additional learning support needs. Other initiatives designed to bring about improvement for apprenticeships include revised induction, with early introduction to the online portfolio, closer scrutiny of the performance monitoring process and earlier introduction to the English and mathematics sessions.

Trends in student recruitment and retention

There has been a steep reduction in 16 to 18 year old student numbers since merger, though the position has largely stabilised in 2019/20. Based on provisional R04 data, 16 to 19 enrolments are within 99% of the funded headcount target.

Adult enrolments are currently up by 13% and applications for advanced learning loans have exceeded the college's allocation.

HE recruitment is currently down compared to plan. This is disappointing given the substantial capital investment in the university centre, though it is consistent with the trend in many FE colleges. Contribution analysis undertaken by the college since July 2019 confirms that HE programmes make some of the highest levels of contribution in the college. The net financial impact of declining HE student numbers is therefore significant.

Apprenticeship numbers declined in 2018/19 partly as a result of the decision in autumn 2018 to suspend all new starts because of concerns about quality and capacity.

The impact of the changes in the SLT to bring about improvement is still to be demonstrated in terms of timely achievement rates and the reduction of apprentices that are out of funding. There is a risk that despite the positive changes to the SLT, employers may choose to use other providers.

Attendance on education and training programmes dipped between October and November 2019 and is 1% overall below the same time in 2018. However, retention is 1% higher than the same time in 2018. Attendance interventions for apprenticeships have been implemented and although attendance for apprentices remains the same as 2018, retention has improved by 5% against this time in 2018. Attendance at English and mathematics remain a concern at Rawmarsh Road, Dinnington, Dearne Valley and North Notts campuses. Retention on HE programmes is higher than this time in 2018.

Student views

The students the FEC team met spoke positively about the support they received from their teachers. They valued the one to one support that staff gave them which they believe is helping them to make improvements with their studies. They voiced their appreciation of the teachers who helped them and pushed them to do better and took the time to explain concepts that they found difficult. In the main, the students said that the written feedback from teachers gave them sufficient guidance to improve their work. However, some students on the higher levels programmes said the written feedback they received was inconsistent and that they would benefit from more detailed feedback on their assignments.

The apprentices confirmed that they had monthly reviews, are making progress and developing their skills. They also appreciated the one to one support they received from staff and confirmed that the new management of apprenticeships had brought about improvement in communication and induction.

All of the students and apprentices whom the FEC team met said they felt safe and knew who to report any safeguarding concerns to. Two students at the Dearne Valley campus raised some concern about the openness of the campus to the general public who use the gym and this was reported back to the principal who has since followed this up.

Staff views

During the FEC team's visits, staff were consistently positive about the open and transparent communications from the new SLT. Further rounds of restructuring are difficult for staff but they feel that the process has been handled in a respectful way. Staff are aware of the financial challenges facing the college and generally understand the need for further savings.

Staff felt that the autumn term had started positively. Whilst the drop in HE students was disappointing, staff felt sure that HE students value the new facilities and were optimistic about scope to increase internal progression from FE to HE in the future.

Effectiveness of the college to manage and improve quality

Leaders and managers have an increased focus on improving the quality of education they provide for their students. The new deputy CEO/principal is providing a fresh and impactful approach in the raising of standards. Using her experience of quality improvement and Ofsted inspections, she is providing a clear steer for curriculum and quality managers on how to ensure that reliable judgements are made about the quality of education and the implementation of quality improvement activities.

The director of apprenticeships is providing the much needed expertise, determination and energy to bring about improvement in the quality of apprenticeships.

The quality and standards committee has only met twice since the Ofsted inspection, despite findings that governors have presided over a significant decline in quality and that quality assurance arrangements have been ineffective. This is partly due to cancellation of the November quality and standards committee because of concerns about quoracy following governor resignations. There is insufficient scrutiny by governors to assure the accuracy of the SAR, review and monitor implementation of the QIP and ensure that the newly implemented quality improvement strategies are raising standards fast enough to secure a Good judgement at the next Ofsted inspection.

Finance and audit

Recent financial history and forecasts for coming years

Since merger, RNN's financial health has declined from Good to borderline RI/Inadequate. Income has fallen steadily as a result of fewer student enrolments.

Over this period, the college has implemented a series of staff restructuring exercises, but these did not match the reductions in income and hence pay costs in both 2017/18 and 2018/19 were well above the FEC benchmark of adjusted turnover.

The college's previously strong cash reserves have been rapidly eroded as a result of the cash contribution to part-finance the UCR. The pressure on cash was exacerbated by a substantial and unbudgeted operating loss before pension adjustments in 2018/19. As a consequence, the college has faced an urgent need to put in place short-term borrowing facilities with its bank to avoid a shortfall in working capital in 2020.

The original budget and financial plan submitted to ESFA in July 2019 assumed continuing operating losses in 2019/20 and 2020/21. The plan failed to generate sufficient cash inflows to rebuild working capital to adequate levels. This was highlighted during the DA in July 2019 and has since been addressed in the financial recovery plan which was completed in October 2019. The recovery plan aims to return the budget to break-even by 2020/21 and achieve a Good autoscore for financial health. This involves another major staff restructuring exercise, potential closure of the Dinnington campus at the end of 2019/20 and stabilising student numbers. The recovery plan represents a challenging but necessary repositioning of the college that has been subject to an independent review commissioned by the college's bankers.

Financial performance 2018/19

The draft financial statements for 2018/19 indicate an operating loss before pension adjustments. This substantial loss compares with a budgeted surplus and is due to shortfalls in income and higher than budgeted non-pay costs.

The principal factors accounting for the shortfall in income include:

- Re-classification of capital grant income which will now be accounted for as a deferred capital grant released over the life of the asset.
- A significant shortfall in apprenticeship income against the budget target following the suspension of new starts last autumn.

Pay costs are below budget though still remain well above the FEC benchmark of 65% of total income.

Expenditure on non-pay costs will out-turn significantly higher than the original budget. Some of this is due to the way costs have been classified and consolidation adjustments, with the underlying factors accounted for by higher than budgeted costs of external consultants/contractors and significantly higher than budgeted expenditure on subcontractor payments.

The negative Earnings Before Interest, Depreciation, Tax and Amortisation (EBITDA), coupled with a low adjusted current ratio, have contributed to a financial health autoscore for 2018/19 of RI, which is just above the threshold for Inadequate.

Financial forecast 2019 to 2021

2019/20

The revised budget for 2019/20 reflects a reduction in turnover due mainly to reduction in lagged funding for 16 to 18 students and a reduction in the AEB.

Pay costs are budgeted to fall as a result of the full-year effect of the staff restructuring exercise completed in summer 2019. These budgeted reductions are partially offset by an increase in one-off provisions for redundancy, pay in lieu of notice and pension costs.

Net non-pay costs reduce year-on-year as a result of non-recurring reorganisation and subsidiary closure costs in 2018/19 and reduced subcontractor costs in 2019/20, along with challenging efficiency targets set by the executive director of finance following an independent benchmarking exercise.

Even with these challenging budgeted reductions in pay and non-pay costs, the revised budget for 2019/20 is another operating loss before pension adjustments.

The October 2019 management accounts indicate a potential increase in the operating loss. This is mainly due to a shortfall in HE income and higher than originally forecast sub-contracting costs. The executive director of finance recognises the need for continuing action during 2019/20 to bring financial performance back in line with the recovery plan.

Rigorous monitoring of budgetary performance, along with timely corrective actions, will be essential to avoid the potential for another material adverse performance against budget (as occurred in 2018/19). To facilitate effective monitoring by governors, the management accounts should include a comparison of actuals and forecasts with the revised budget.

2020/21

The revised financial plan for 2020/21 assumes a small net increase in lagged 16 to 18 funding due to the increase in the national funding rate offset by fewer students. This appears reasonable given current year 16 to 18 headcount.

Overall turnover is set to fall due mainly to the loss of the contract for the operation of children's centres for the local council. Pay costs are set to fall as a result of the full-year effect of staff restructuring and the Transfer of Undertakings (Protection of Employment) to the council of children centre staff.

These reductions, plus the reduction in provisions for staff restructuring costs, are intended to bring the 2020/21 budget back to break-even. This should give rise to a healthy EBITDA that would lift the financial health autoscore to Good.

The main risks to the college's financial recovery include:

- Failure to achieve the final target pay savings.
- The impact of significant under-recruitment of students (particularly HE) and continuing risks in the quality and recruitment of apprenticeships.
- Failure to achieve efficiencies arising from estate rationalisation.
- Failure to achieve the target savings across other non-pay budgets.
- Ongoing inflationary pressures on pay rates (where no budget provision has been made).
- Over-reliance on subcontracting to deliver the AEB allocation.

Cashflow, liquidity and loans

The college's previously strong working capital position has declined at a rapid rate. Cash reserves have fallen by 80% from 31 July 2017 to 31 July 2019.

One of the primary factors accounting for this is the substantial recent capital investment made by the college. This includes the cost of the UCR which opened in September 2018. The latest iteration of the cashflow forecast anticipates cash balances regularly below the college's own target. The college has recently secured an extension of its overdraft facility. Whilst this should avoid the risk of a working capital shortfall in the coming months, the college's cash position will remain fragile for the next 12 to 18 months.

In light of the insolvency regime and removal of the previous system of exceptional financial support, the college will need to monitor the cash position very closely. Potential to improve the cash position through the disposal of surplus property should be actively pursued.

In addition to a revolving credit facility, the college has a bank loan dating back to 2010. Borrowing as a percentage of adjusted turnover is below the sector average and this is reflected in relatively low debt servicing costs.

Internal / external audit and risk management

The services of the college's previous internal auditors were terminated in May 2018, so there was no annual report by the internal audit service for 2017/18. After a procurement exercise, new internal auditors have been appointed.

The college's external auditors gave an unqualified opinion on the 2017/18 financial statements, with no matters of emphasis. The executive director of finance is working towards timely completion of the 2018/19 financial statements, subject to finalisation of the revised loan facility agreement and confirmation of the external audit opinion on the draft 2018/19 financial statements.

Recent revisions to the risk register have addressed the main shortcomings identified at the DA. Training for governors on risk management was delivered by RSM on 23 October 2019.

Estates and capital plans

Use and maximisation of college estates and assets

The college has an extensive estate spread across 4 main sites across South Yorkshire and North Nottinghamshire (Rotherham, North Notts, Dearne Valley and Dinnington).

Accommodation in Rotherham is spread across 6 main buildings: Eastwood, Clifton, Units 1, 2 and 3 Rawmarsh Road, Wentworth, HE Hub (Charters) and the new UCR.

All accommodation, with the exception of Units 1, 2 and 3 and the HE Hub, is owned by the college. Most of the accommodation is category A/B condition. The most recent space utilisation data (May 2016) puts utilisation at 42%.

Accommodation at North Notts College is mainly based at the main college campus on Carlton Road, Worksop, which is also home to the National Fluid Power Centre. The college has a small leased facility in Idle Valley (Retford) and currently leases Units 7, 8, 9 and 10 at The Point (Shireoak). A significant proportion of the accommodation is category C/D. Space utilisation (May 2016) was 34%.

Accommodation at Dearne Valley College is located at Manvers site, where significant redevelopment of the former colliery has taken place. The college leases the land where the Adwick Building is situated on a long-leasehold agreement, but owns the freehold of the majority of the site. Most of the accommodation is category A/B. Space utilisation was very low at 18%.

Accommodation at Dinnington campus is based at Doe Quarry Lane, Dinnington, on an extensive site. The college owns all the land and buildings and a significant proportion is category C/D, though part of this is currently being refurbished. Space utilisation (May 2016) was 35%.

The overall scale of the college’s estate is substantial, reflecting the significant land and property assets acquired through a series of mergers. The benchmarking exercise conducted in October 2018 suggested significant overcapacity at RNN group of about one third.

The college has recently taken some relatively small steps to achieve efficiencies, including:

- Disposal of the Rockingham Centre (August 2019).
- Exiting the leased premises at Manvers Unit 8 (Dearne Valley).

Property management and investment

Since the July 2019 DA, the college has commissioned external consultants to assist with a full update of the estates strategy for the college. Their phase 1 report identifies a number of strategic and tactical options, including a range of potential asset disposals. These should help the college to reduce overcapacity and running costs; reconfigure its geographical footprint; realise potentially significant capital receipts to fund future capital investment; tackle the backlog in maintenance; and rebuild cash reserves. A number of the potential asset disposals are complex and may take time to come to fruition. Whilst recognising the potential for delay, governors should set broad expectations and timescales for a disposal strategy that can be actively monitored and progressed.

The November 2019 floods have necessitated the rapid evacuation and relocation of construction provision at the Rawmarsh Road units. This has involved an unavoidable element of disruption to students that may impact on retention and attendance. The college is acutely aware of this and is working hard to minimise this. The executive director of finance has confirmed that the financial costs of the flood are adequately covered by insurance.

Conclusions

Since the mergers in 2016 and 2017, the RNN board has overseen a serious decline in enrolments, quality and financial health. The combined pressure to improve quality, tackle high pay costs and rebuild cash reserves presents a major challenge. The board urgently needs to strengthen the effectiveness of its oversight and rebuild its capacity, supported by an independent clerk.

Since autumn 2018, steps have been taken to tackle underperformance and poor quality in the college's subsidiary companies, led by the new principal. The college also undertook a major staff restructuring exercise which was completed earlier this summer. In July 2019, the FEC team concluded that the savings did not go far enough and since then a more comprehensive recovery plan has been adopted by the board.

Whilst recognising the incremental improvements in quality that have been made since the last Ofsted inspection, challenges remain on the journey to a Good judgement, notably in respect of apprenticeships given the major legacy issues dating back to previous poor practice.

Key financial indicators remain a major concern, in particular the college's weak working capital and its reliance on the extended overdraft facility. The recovery plan sets out radical but necessary measures to address high pay costs, borderline Inadequate financial health and head-off an imminent shortfall in working capital. The college is now entering a critical phase in its delivery, with many challenges and execution risks in the months ahead. NLFE support has been highly beneficial and should continue until spring 2020.

The recent estates review has confirmed that the college has substantial overcapacity. Opportunities for asset disposals have been identified, though there is as yet no firm timetable for implementation. These disposal opportunities present an important upside, some of which have prudently not yet been factored into the recovery plan.

Recommendations

1. In order to improve governance at the college, the governing body urgently needs to:

    - Develop and implement a succession plan for longer serving governors and appoint a new chair by December 2019.

    - Recruit a number of new governors with skills in finance, property and the current FE curriculum by December 2019.

    - Review the role of clerk as presently constituted and recruit an independent head of governance or similar by January 2020.

    - Introduce a finance committee of governors as soon as possible, and by December 2019.

    - Quicken the pace of improvement at the college, both financial and quality by July 2020.

    - Ensure that there is ongoing and effective performance management of senior postholders by January 2020.

2. The college needs to progress a series of property disposals as a matter of urgency to improve financial sustainability (short-term opportunities to be realised by July 2020).

3. The board and senior team need to closely and carefully monitor cashflow and the implementation of the recovery plan by July 2020.

4. The board needs to validate and scrutinise the college's quality improvement activities with an increased focus on apprenticeships by December 2020.

5. Plans for campus rationalisation should be implemented by July 2020.

6. The ESFA should attend corporation meetings as observers.

The FEC team will undertake a further stocktake visit before April 2020.

Annex A - Information reviewed

Organisation Chart / Structure

Board Membership and Bios

Board Review

Whole College Self-Assessment Report 2017/18

Whole College Self-Assessment Position Statement 2018/19

2018/19 College Quality Improvement Plan – End of Year Update

2018/19 Post-Inspection Improvement Plan – End of Year Update

FE Quality of education and performance arrangements

Curriculum Strategy Updated October 2019

Curriculum Planning Process and Timeframe 2020/21

Draft HE Quality Arrangements v1

HE Quality Cycle 2019/20

HE Contributions

2017/18 Financial Statements, Finance Record and External Audit Management Letter

Annual Report of the Audit Committee 2017/18

Draft 2018/19 Financial Statements and Finance Record

September and October 2019 Management Accounts

Financial Plan, Commentary and Cashflow Forecast 2019/21

Recovery Plan, GANNT Chart and Financial Plan Summary

HR and OD Paper

Restructuring Timelines

Bank Funding Update

Performance Data

Enrolment Update November 2019

Risk Register

Estates Strategy

ESFA Briefing

Curriculum planning process 2020/2021

Ofsted report March 2019

RNN Group performance 2018/19

Reports and minutes from the Quality and Standards Committee 29th April and 3rd June 2019.

Group and campus actions and enhancements since last inspection paper.

Self-assessment Report 2018/19

Quality Improvement Plan 2019/20

Post Inspection Action Plan 2018/19

Annex B - Interviewees

Individual Governors

CEO/Principal

Deputy CEO/Principal

Company Secretary / Clerk

Executive Director of Corporate Services

Executive Director of Finance

Executive Director of HR

Department for Education

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