



Department  
for Education

# **FE Commissioner Intervention Assessment Summary: City of Wolverhampton College**

**September 2020**

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## Background

<b>Name of College</b>	City of Wolverhampton College
<b>UKPRN</b>	100007578
<b>Type of provision</b>	General further education (FE)
<b>Date of visit</b>	20 July and 25 September 2020
<b>Type of visit</b>	Intervention assessment (virtual)
<b>Trigger for formal intervention</b>	Financial Notice to Improve
<b>Further Education Commissioner (FEC) Team members</b>	Richard Atkins – FEC Frances Wadsworth – FE Deputy Andrew Tyley – FE Deputy Tracy Kitchingman – FE Adviser
<b>Location</b>	Wolverhampton
<b>Apprenticeship training provider</b>	Yes
<b>Latest Ofsted inspection grade</b>	Good (November 2017)
<b>Education and Skills Funding Agency (ESFA) Financial Health Grade</b>	Inadequate
<b>Structural history/recent mergers</b>	Strategic partnership with City of Wolverhampton Council

## Conclusion/Executive summary

City of Wolverhampton College has an ambitious, clear vision and is supported by a strong partnership with City of Wolverhampton Council. The college benefits from sound and effective leaders and managers who are capable, enthusiastic and inspire pride and confidence amongst staff. Feedback from staff and students about the college is consistent and positive. There are excellent systems and controls across the college that are designed to develop relevant curriculum, monitor quality and allocate resources. The college is making good progress on its improvement journey since its most recent Ofsted inspection in November 2017. Learner numbers, both 16 to 18 and adults, have grown steadily in recent years and the college is working hard to serve employers and the community in Wolverhampton and the wider West Midlands area. The college has responded well to the COVID-19 pandemic, both before the summer break and with re-opening in September. Students say that they feel safe at the college. Governors are proud of the college and its achievements. They are committed to assuring its future for the benefit of Wolverhampton and its community. Current board membership would merit review to ensure an appropriate breadth of skills, experience, scrutiny and challenge and

to ensure appropriate measures are taken to guard against any potential conflicts of interest. Challenges remain with the financing and timeline for relocation from the Paget Road campus to the City Learning Quarter (CLQ) which was originally due for completion in summer 2019. The board and leadership team remain committed to this solution. Securing a resolution is, however, likely to require a degree of pragmatism and flexibility to avoid an extended impasse which could otherwise hamper the college's efforts to achieve greater financial sustainability and respond to the rapid demographic growth that is forecast for the city in the years ahead.

## Recommendations

**Recommendation 1: The board should review its composition and membership to ensure that it reflects a suitable balance of skills and experience that provides appropriate scrutiny in board meetings and minimises the risk of perceived or actual conflicts of interest. A Department for Education (DfE) funded independent review of governance should take place to advise accordingly by December 2020.**

**Recommendation 2: The board should recruit to vacancies and strengthen the diversity and the membership skills and experience of the board to assure that appropriate breadth of input and challenge can be achieved. The DfE recruitment service should be utilised to assist. Target date of February 2021.**

**Recommendation 3: The board and its strategic partners should adopt a pragmatic and flexible approach to achieving a solution to the long-standing limitations of the Paget Road campus.**

**Recommendation 4: The board should continue to monitor closely the college's tight cash position and finalise options to increase working capital headroom before the end of July 2021 (or sooner).**

The FEC team will undertake an intervention stocktake assessment to review progress in February 2021.

## Governance and leadership

### Governance

The board is currently comprised of 13 members, although the chair outlined that active recruitment is in progress, "to take the board up to the full complement of 18 and for that board to be diverse and representative of our community." The board's September 2020 skills audit identified the essential skills and desirable skills for board members, which includes apprenticeships as an essential skillset for the board to have but does not include FE understanding and experience. The prioritisation of the essential skills that are required on the board would merit further consideration.

The board self-assessed the top 3 scores for skills of its current board members as being the chairing of boards and committees, strategic planning within an educational public service or commercial setting, and performance monitoring. The board has several members with good financial skills and experience, including several who are qualified accountants. The board's assessment of its lowest scoring skills was FE, apprenticeships, schools, and medium-sized businesses. The low score for FE skills, experience and understanding (the lowest of all those things scored) is a concern. This poses a risk that the board's ability to challenge appropriately will be compromised. The skills and experience of the board across finance is clearly strong, but the student experience, educational quality, assessment, and training less so.

The board has significant weight of experience and skills in the public sector: 4 members are employed by the same employer – namely, City of Wolverhampton Council - and one, until retirement, by Birmingham City Council. This brings the proportion of local authority employed or experienced members to 50% of the non-staff/student membership, with a significant number from one employer, which seems disproportionate. There is an associated concern that there might be perceived conflicts of interest in decision making from some members that the board should carefully consider and guard against. As further posts are filled, it will be important to strengthen the FE skill set, widen representation, and ensure that any perceived or real conflicts of interest are identified and addressed. The chair also identified the wish to achieve greater diversity. The new DfE funded governor recruitment service should be used to assist in achieving this.

Board members whom the FEC team met were positive about their role, proud of their students and the college, with significant trust in the leadership team. Regarding concerns about apprenticeship provision (Ofsted Requires Improvement judgement; 2017 and self-assessed as still RI) the confident comment was that plans were in place though, there was not a detailed understanding of how this was being addressed. Their top-rated concerns were cited as: the college's financial position, apprenticeships, ensuring that COVID-19 is not being used as an excuse by staff or students, the new build and student recruitment. One governor who had attended a curriculum planning session mentioned this having been particularly useful in highlighting the challenges that are associated with achieving course viability.

The experienced clerk, who is a solicitor, joined the college in 2018 and has 20 years' experience working across a range of educational settings as a clerk to governing bodies. She confirmed that the board structure is kept under regular review, with the Carver model currently being deemed the most appropriate way to achieve whole board understanding of college operations and the estates and financial challenges that the college faces. In view of the weight of the estates and financial issues, the concern is that the board could easily focus on these aspects at the expense of a wider consideration of college operation, quality and the student experience. Though some board agendas – those where timing for items was indicated – suggested that debate regarding students,

learners and learning had limited time allocation, the college has argued that, in practice, more time was given where it was merited and that there was active engagement by the board across quality, curriculum and student matters, both within and outside of formal board meetings, pointing to activities such as the recent facilitated board development day and the opportunities to engage in self-assessment report (SAR) validation. Board minutes demonstrate coverage of curriculum and quality issues, though the level of challenge and debate is not always evident.

Given the board's self-assessment of its skills with regard to FE and apprenticeships, the FEC team remain concerned that the level of skill and experience and absence of a dedicated curriculum and standards committee increases the risk that there might be insufficient in-depth challenge and scrutiny of quality and curriculum issues by governors.

## **Leadership**

The principal joined the college in 2018, initially as an interim (cited as a short-term interim measure given his turnaround director background), but he was subsequently further engaged by the board, with a view to taking forward the ambitious CLQ capital build. His current contract runs until December 2021.

The principal identified consistency of leadership as a key issue that the college needed to address when he took up his post. He revised the structure of the senior leadership team and now has experienced and capable leaders in the 3 vice principal posts that he created. The executive team is strong and effective. Members are clear regarding their respective responsibilities, work well together and have made positive progress across several areas, including the development of systems, planning and monitoring processes and the introduction of a robust approach to curriculum planning.

Managers whom the FEC team met were capable, enthusiastic, and committed to the college. There was a shared vision and sense of purpose. Comment was made that staff welcomed the principal's candid approach.

Progress has been made in addressing the concern that staff raised in the 2019 staff survey regarding communications. Meetings are now planned to ensure regular cascading of information and, despite the restrictions of COVID-19, those whom the FEC team met felt well-informed and clear that communications had improved.

The organisational structure has been refined to strengthen support for curriculum areas in several ways. Rather than having one more senior quality manager for the college, there are now 4 quality manager posts that are dedicated to supporting specific curriculum areas. A similar partnering support approach is proving effective in other areas such as human resources (HR) and the delivery of apprenticeships.

There has been a positive approach to the challenges that COVID-19 has brought. Managers were clear that, whilst appropriate measures needed to be taken to ensure the

safety of staff and students, this should not derail the importance of the quality of the students' learning experience.

## **Curriculum and quality improvement**

### **Curriculum and provision overview**

The college's vocational and academic provision has been developed to match local and regional skills needs and offers a broad range of courses, including apprenticeships, with suitable progression routes to further learning and employment. The principal cited effective curriculum planning and developing a curriculum that reflected student needs as a key factor in the growth in student numbers that the college has achieved. Priority sectors that were noted included construction and engineering. The vice principal student success explained that 45 new programmes had been introduced in 2018/19, with a further 15 in 2019/20. The principal said that 16 to 19 enrolment was likely to be circa 10% above target this year and that as a result of having, 'moved the curriculum', adult enrolment was, 'flying', with apprenticeship recruitment also buoyant, though ongoing efforts were taking place to secure sufficient employers to match the demand from young people.

### **Curriculum planning and development**

The college has well established and effective processes in place for curriculum planning. Contribution rates are regularly reported and indicate an average contribution rate for 2019/20 of around 45%. Staff utilisation rates are reported to be close to 100%, though it should be noted that this is based on the current teaching contract which limits taught hours to 23 per week. This is an issue that the HR manager plans to review in 2020/21. Also of note are the number of posts which have no teaching requirement; however, assurance was given to the FEC team that remission is carefully managed in all respects. The final average class size for 2019/20 was 14, although the college expects to improve on this in 2020/21. The aim is an average class size of 16.

### **Quality: self-assessment and effectiveness to manage and improve quality**

There is effective leadership and management of quality: strategies for improvement are clear and are having an impact. The detailed quality improvement plan (QIP), with actions that are focussed on intent, implementation, impact, behaviour/attitudes and personal development, outlines a robust and detailed approach to quality improvement. There is clarity of responsibility at all levels with monitoring effected through the fortnightly QER meetings. The recently revised structure, creating 4 quality managers who provide tailored support in dedicated curriculum areas, is reported as working well.

The SAR for 2018/19 is thorough. The judgement for that year was that Overall Effectiveness of the college was Good, but with 2 areas being judged as Requiring Improvement (RI) – namely, apprenticeships and provision for students with high needs. In the 2018/19 National Achievement Rates, the overall college performance was above National Average and ranked third out of the 15 West Midland Colleges across all levels of qualifications and ages.

The self-assessment report for 2019/20 is not yet available but the vice principals and principal are confident that the quality of provision, along with outcomes, has improved and that the college is now a stronger Good for Overall Effectiveness, with high needs provision having improved to the position where it would be judged to be Good. Whilst apprenticeship provision has improved, there was a candour that this is an area that the college still judged RI and is not yet Good.

Leaders and managers spoke positively about the impact that engagement with the Grimsby Institute had brought. This relationship had been developed through the DfE strategic college improvement fund (SCIF) programme and focussed on improving apprenticeship delivery. As a result, several changes in the approach to delivery had been put in place which were noted as already having an impact.

## **Student and staff views**

Students whom the FEC team met were full of praise for the college and the arrangements that it has made to address their worries about a safe return after the summer break. Students at all campuses were positive and enthusiastic about their studies, the college, and their teachers. The main area for improvement was the standard of common areas and toilet blocks at Paget Road which was cited as a general concern. Staff whom the FEC team met were enthusiastic about the CLQ new build project, confirming that all stakeholders had been, and continued to be, consulted to ensure that the new campus would meet all identified needs. They did confirm that, although the environment at the Paget Road campus was tired, teaching and learning continued to be provided to a high standard. Improved levels of communication were also reported, especially during lockdown where staff felt positive and confident in delivering remote teaching during the forced closure and return to campus in September 2020.

## **Finance and audit**

### **Recent financial history and forecasts for coming years**



The college has been under a financial Notice to improve (Ntl) since June 2012. The combined effect of the 2012 Ofsted Inadequate grade, 16 to 19 demographic decline and steep reductions in adult funding across the FE sector have contributed to a drop in turnover of almost 40% from 2012 to 2020.

Following the FEC-led structure and prospects appraisal (SPA) in 2016, the college entered a strategic partnership with City of Wolverhampton Council with the twin aims of securing the relocation of provision at Paget Road to the city centre and the integration of the council's adult education service with the college's adult and community learning provision. The college received support from the DfE restructuring fund (RF) to deleverage an element of bank debt, facilitate restructuring and improve liquidity. The RF agreement requires the college to repay half of the RF support over the period to 2028. This was predicated on highly ambitious forecasts of growth in apprenticeships, coupled with an expansion of 16 to 19 provision arising from demographic growth and the planned relocation to the city centre, which was originally due to be completed by summer 2019.

Whilst bank debt has reduced, overall indebtedness remains high. Growth in apprenticeships and 16 to 19 student numbers has been achieved, but apprenticeships growth has not been anything like the level that was assumed at the time of the RF solution. Therefore, whilst the college has posted positive EBITDA and secured a substantial reduction in its LGPS pension deficit payments, its financial health remains Inadequate due to weak working capital and cash reserves and high levels of gearing. The college remains in breach of its bank loan covenants and currently there is not yet an achievable repayment plan for the RF loan balance or a confirmed funding package in place for the CLQ project.

## **Financial performance 2019/20**

The college anticipated improving upon the original budget for 2019/20 in the first half of 2020, but, due to COVID-19 impacts and the closure of the college sites in March 2020, this proved impossible to achieve. Loss of apprenticeship and other income generation, coupled with increased staff costs, were only partially offset by savings in non-pay expenditures. The financial health score remains Inadequate, partly because of the requirement to classify bank loans as current liabilities due to the covenant breach. Based on its provisional out-turn, the college does not meet any of the FEC financial benchmarks in 2019/20.

## **Financial forecast 2020/21**

The forecast for 2020/21 shows an improved position with a small budgeted operating surplus, generating an improved EBITDA, which is equivalent to 6.5% of adjusted turnover. Funding body income has increased, the main factors being a national increase

in the funding rate for 16 to 19 and the growth in student numbers that was achieved in 2019/20. Staff costs have been modelled in detail and include contractual increases and all known tax and pension increases. A pay award for 2020/21 has not been assumed - this will be proposed if it is deemed to be affordable. Non-pay increases are assumed, based on a detailed granular review in conjunction with budget holders. Whilst cash days, operating surplus and the pay cost ratio to income are improved, they remain outside FEC benchmarks. Financial health is forecast to remain Inadequate, although this could potentially improve to RI if revised covenants can be agreed and delivered by July 2021.

## **Cash flow/liquidity**

The college's cash position is recognised as being critical to its sustainability and is monitored carefully. The 12-month cash flow to July 2021 indicates a closing cash balance which is equivalent to 12 cash days in hand, with the lowest month-end position being March 2021. Whilst this shows a manageable position, there is only limited potential to withstand adverse fluctuations. The college is continuing to engage with key stakeholders to address the lack of liquidity as part of a wider dialogue to resolve the covenant breach, the repayment plan for the RF loan and a way forward for the CLQ project. There is an agreed overdraft facility in place.

## **Financial liabilities/loans**

As of July 2020, the college has a commercial loan that has partially been repaid and the outstanding ESFA RF loan. The RF loan is repayable over 10 years to 2028 at a variable interest rate, which is currently 1.09%.

## **Audit and risk**

The college's most recent audited financial statements were unqualified. The college has developed a specific risk assessment report for COVID-19 and re-opening in addition to its well-established risk register. The July 2020 risk management update highlights 12 high risks, of which the 2 highest rated relate to risks around the financial position becoming unsustainable and failure to achieve the timetable for the new build at CLQ.

## **Long-term sustainability**

The college's overall level of indebtedness remains challenging, with the provider of the commercial loan indicating strongly that they wish to deleverage and the current RF repayment timeline looking unachievable based on current levels of cash generation. The college's short-term liquidity remains uncomfortably low and will require continued tight financial control and rigorous monitoring. Whilst the strategic aims of the partnership with the council remain valid, prospects of delivering either the CLQ project or the integration of adult education services remain at best several years away from realisation. As such, without further progress to address the college's balance sheet challenges and secure a

solution for the CLQ project (or a fallback option), the college's long-term sustainability will continue to be at risk.

## **Estates and capital plans**

### **Use and maximisation of college estates and assets**

The college has 3 main sites in the City of Wolverhampton, comprising a total floor area of around 32,000 m<sup>2</sup>:

- Paget Road campus (formerly Wulfrun College) is located 1 - 2 miles to the west of the city centre, comprising just under 14,000m<sup>2</sup> of accommodation in category condition C.
- Wellington Road campus is located 2 miles to the east of the city centre, comprising 15,000m<sup>2</sup> of condition A accommodation within a short distance of the Midland Metro and major bus routes.
- Metro One, comprising just under 3,000m<sup>2</sup> of condition A accommodation, is in the city centre close to the metro, bus and rail stations and next door to the council-run Adult Education Service in Old Hall St.

Whilst the Wellington Road and Metro One campuses are relatively new, purpose built vocational training facilities with good public transport links, the Paget Road campus has long been identified as problematic in terms of location, condition, and functional suitability. The college's finance record reports space utilisation at 33% for Paget Road; 32% for Wellington Road; and 42% for Metro One.

### **Property management and investment**

The college's estates strategy has, for many years, been driven by an ambition to relocate the Paget Road provision to a new site in the city centre next to the current Metro One premises. To date, no guarantee of funding has been made to secure this ambition. The aim at the time of the SPA was to complete this move by September 2019. Although the council has now acquired the site and invested in it, a funding solution has yet to be confirmed. As a council-owned property, the CLQ new build will not be subject to VAT.

The college anticipates sale proceeds on the sale of Paget Road campus, but these proceeds are assumed to repay an element of debt and to fund circa furniture, fittings, and ICT for the CLQ building. The expectation is that the council will commit further funding to the CLQ project and recoup this by way of a long-term lease of the premises to the college but this leaves a shortfall in funding, which the college is hoping can be funded from the FE capital fund stage 3, though the process for applications and criteria for eligibility remain to be confirmed - in particular, the question of whether a council-led and owned scheme of this type can be funded.

The college has challenged the low ranking of City of Wolverhampton College by the ESFA in its assessment of buildings condition, which currently makes it unlikely the college will benefit from stage 2 FE capital funds.

On a more positive note, plans for investment in new engineering facilities at the Wellington Road campus appear closer to realisation, based on the college's expectation of a successful outcome to the Government's Towns Fund application. This will provide for relocation of engineering provision from Paget Road, possibly as early as September 2021.

The college received payment from stage 1 FE capital funds. Some of this can be used to fund projects already planned and committed, easing cash flow pressures. The college is reluctant to invest significant capital sums at the Paget Road campus whilst the proposals to relocation to CLQ remain in play.

Whilst the vision for CLQ remains compelling, the scale of the funding gap and extended timeframe is such that the college may need to take a pragmatic and flexible approach to deliver the project. The college may also need to explore alternative strategies for financing and ownership of the scheme, reducing the project scope/costs or retaining and improving the Paget Road site.

## **Appendix A – Interviewees**

Chair of governors

Principal

Clerk

Vice principal business success  
Vice principal student success  
Vice principal student engagement  
Heads of faculty  
Head of commercial projects  
Head of employer engagement  
Facilities and procurement manager  
HR manager  
Funding and compliance manager  
Group of governors  
Group of staff  
Group of students

## **Appendix B – Documents reviewed**

College structure chart  
Governor application forms, CVs and skills audit  
Self-assessment report 2018/19

EIF transition self-assessment report 2018/19

QIP 2018/19

Governor report - employee survey report 2019

COWC York survey results 2019

York survey comparison 2019

Employer survey results 2019

Employer survey response to outcomes

Investors in people report 2020

COVID-19 re-opening document phase 1,2 and 3

Re-opening planning document v 1.2 (September 2020)

COVID-19 risk assessment 2020/21

2019/20 funding and learner numbers

2019/20 curriculum and quality data sets (classroom-based and apprenticeships)

Subcontracting performance 2019/20 and plans for 2020/21

Applications data 2020/21

Comparison of planned and actual enrolments 2020/21 (as of 14 September 2020)

Apprenticeship report September 2020

2018/19 financial statements and finance record

July 2020 financial health calculator, commentary and cash flow forecast

July 2020 management accounts (period 12 2019/20)

Update on bank loans and covenant compliance

CLQ programme board presentation (July 2020)

Estate update including CLQ cost summary (September 2020)

DfE condition survey data

Confirmation letter FE capital funding

Risk register July 2020





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