



Department
for Education

FE Commissioner Intervention Assessment Summary Report: Strode College

December 2023

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Background

Name of College	Strode College
UKPRN	10006378
Name of College Principal	Mr John Revill
Name of College Chair	Dr Fiona Wheeler
Type of provision	General Further Education
Date of visit	4 and 5 December 2023
Type of visit	Intervention
Trigger for formal intervention	Finance
Further Education Commissioner (FEC) Team members	Deputy FEC – Frances Wadsworth FE Adviser – Anne Whitworth
Location	Strode College Church Road Street BA16 0AB
Apprenticeship training provider	Yes
Latest Ofsted inspection grade	October 2022, Good
Education and Skills Funding Agency (ESFA) Financial Health Grade	Requires Improvement

Conclusion/Executive summary

Strode College is a small general further education college operating from a single campus in Street, Somerset. It serves circa 4000 learners in total, of whom circa 1300 are 16-18. The offer is mainly at level 3 with A levels, apprenticeships, some vocational courses including T Levels, higher education provision and community learning activities.

Provision was inspected by Ofsted in October 2022 and the quality of education was judged to be Good, but Ofsted added that the college makes a limited contribution to meeting the skills needs of employers and stakeholders. The college monitors quality carefully to ensure standards are maintained or improved and that there is more active engagement with employers and an understanding of their skills needs.

In September 2021, the Education and Skills Funding Agency (ESFA) launched an investigation into concerns regarding traineeship provision subcontracted from Strode College in previous years. Further issues arose and in early 2023 the investigation concluded that funding was at risk. A significant amount for any college, but particularly so to a college of this size. Prior to the inclusion of this repayment, the college's financial health grade for 2022/23 was requires improvement. However, once provision for the grant clawback is included, the financial health grade deteriorates to inadequate. While the college had a strong cash balance on 31 July 2023, it is insufficient to repay the traineeship grant in the short to medium term.

The principal joined the college in June 2022 and has been leading it through a period of significant uncertainty as investigations revealed the scale of the problem. The principal's positive leadership and open approach has led to several improvements in communication and more positive staff morale: the impact is evident. However, there is a need to strengthen the leadership team now as swiftly as possible to stabilise the organisational structure and enable appropriate delegation. That is starting to happen, with changes in several key posts within the senior and middle leadership team, though some key roles are currently vacant and being undertaken by interim managers and the momentum around, and focus on, improved leadership must be maintained and embedded throughout the organisation.

The governing body has also had a significant change of leadership. The new chair, though recently appointed, is already having a positive impact. The board governs the college using a committee structure and due to the recent changes, currently only has 14 members. There are some key skills gaps within its membership now, which need to be addressed.

The college has experienced declining 16 to 19 numbers due to local demographics and is unlikely to see significant growth in the funding for these students for 2 years. The college has withdrawn from previous subcontracting arrangements but has sought to grow its income by recruiting significantly more higher education students, through a subcontract with which commenced in February 2023. An internal audit and external

review of this new contract has been planned and needs to be completed as soon as possible.

The sustainability of the college, given its current size and the liabilities it faces, is of concern and points to the need to consider the various strategic options available to it.

A previous FEC Active Support visit agreed several types of FEC support that have been made available for the college.

Recommendations

Recommendation 1: To progress board recruitment and achieve an appropriate skill and experience mix - this should include appointing a qualified accountant. **Due by March 2024.**

Recommendation 2: Further work to ensure that succinct board papers and carefully crafted agendas are produced which ensure sufficient time is allowed for discussion and challenge. **Due by March 2024.**

Recommendation 3: A curriculum strategy needs to be developed which considers the skills needs of the local area and implications of qualification reform. **Due by April 2024.**

Recommendation 4: An internal audit and external review into the subcontract should take place as soon as can be arranged. **Due by February 2024.**

Recommendation 5: The organisational restructure should be completed as soon as practicable. Middle management roles and appropriate delegation should be established, and professional development arranged with external input to support the transition to the new roles and structure. **Ongoing until May 2024.**

Recommendation 6: An FEC led structure and prospects appraisal (SPA) should be undertaken so that the board can consider the various strategic options open to the college, this to include the stand-alone option. Timescale: **Due to start by March 2024.**

The FEC team will work with the college to finalise a single improvement plan which will form the basis of an intervention assessment stocktake visit to review progress in March 2024.

The FEC supports continuing input from a National Leader of Governance (chair) and National Leader of Governance (director of governance) and a Deputy FE Commissioner supporting the principal. Peridot support has been secured to assist with board recruitment. In addition, support for the development of the curriculum strategy will be sourced.

Governance and leadership

Governance

The college has a strong chair in place. She joined the board in June 2022 as a board member, becoming chair in October 2023. Both chair and principal have approached the challenges the college faces in a positive and determined manner. They work well together and with the director of governance. The director provides good support to the board and has considerable experience of the further education sector, having been a senior manager in another college prior to joining Strode College in 2020.

The membership of the board has changed recently: new members have joined, replacing some long serving members. Current board members have a good deal of relevant experience, local connections and enthusiasm and are keen to see the college thrive and serve its local community well. There are some vacancies in the board, which currently has 14 members, and there are some key skills gaps. The college is keen to strengthen its governing body membership and is progressing board recruitment with the assistance of Peridot. Close attention needs to be paid to ensuring there is appropriate skills coverage and addressing the need for a qualified accountant.

Ofsted and the external board review noted the need for greater challenge from the board and more succinct board papers which should include strategic/key performance indicator (KPI) focus and allow sufficient time for debate. This is still an acknowledged area for improvement. Agendas that allow time for discussion and constructive challenge are acknowledged as an area for further work, as is the introduction of annual reviews of board members.

Board members with whom the FEC team have met spoke positively of the improvements both the principal and chair have brought in since taking up their posts, including greater clarity and more open communication and transparency regarding the college's position. They are clearly keen to play their part in addressing the college's difficulties. They acknowledged that the governing body had previously not provided appropriate challenge to the leadership team. They felt this had improved in recent months with the chair of the board and chairs of committees actively encouraging greater board scrutiny and constructive challenge.

The prevailing issues have led to an understandable wish from board members to have additional meetings, in the form of task and finish groups, in relation to specific aspects of finance and audit. However, the college needs to consider carefully how these are managed, given that they will inevitably require more time from governors and managers, and that there is a risk discussions and decisions are taken outside of the formal committee structure.

The college commissioned an internal audit of risk management, as governors recognised that further work was needed in this area. Following that audit, the

recommendations were that the college needed to put in place a clear risk management policy, set out the college's appetite to risk and embed risk management throughout the organisation. The college has agreed to implement these recommendations.

A previous FEC Active Support visit agreed support that could be made available for the college. The principal, chair and director of governance have welcomed this support and are making good use of it.

Leadership

The principal has gained the trust of the board and staff members, and all commented that his open and frank manner, approachability, and presence across college is respected and valued. The principal has taken steps to improve external networking within and across the community and to develop stakeholder engagement as the board firms up its future strategic direction. Communication, both internally and externally has improved significantly, although it is noted as an area still to be developed. A staff forum is being introduced in the new year to improve communication further and monthly pulse surveys are now in hand to monitor staff views. Staff and students with whom the FEC team met spoke enthusiastically about working and studying at the college.

The membership of the board and the management team have changed in recent months. A new interim director of finance and resources joined in March 2023 and the deputy principal is leaving in December 2023. Whilst the new director of finance and resources is an experienced finance professional, this post is currently a part-time appointment. There are also other key management posts which are being undertaken by interim managers. Strengthening the leadership of the college and securing a strong senior leadership team with clearly defined roles needs to be an urgent priority.

An organisational restructure has been scoped and is being rolled out in the new year. This is a necessary step to address the current number of temporary and interim arrangements in place and to secure appropriate delegated responsibility from the principal. Management training is planned and will be necessary to help establish and support the new roles and secure the revised structure. Arrangements are in place to manage the college pending the firming up of the new structure and appointments, with effective use of the skills of existing managers; however, the move to more permanent arrangements needs to progress as swiftly as possible.

Data reliability and reporting had been an issue but has improved in recent months. A dashboard has been introduced, which includes key performance data, such as student enrolment, retention, and achievement. Further development of this dashboard is planned. The full roll out of this dashboard is ongoing - its use is still to be embedded.

Other systems have been introduced in the last year including ProAchieve, 4cast, Onefile and Grofar and it is understood these are being used effectively. The finance system is not being used to its full capacity currently, albeit it is acknowledged that the college

finance team will need to devote significant time to implementing the system fully. The HR system needs replacing, and the college has noted this is a priority once funds become available. A new HR system and the development of the finance system will improve controls and reporting and will also save staff time as the number of manual tasks will reduce.

Curriculum and quality improvement

Curriculum and provision overview

The college offers a range of courses from entry level to level 7. Most 16 to 18 learners study level 3 academic or vocational programmes. The offer includes A levels, vocational programmes: Professional and Technical, T Levels, Higher National Diplomas (HND), Degrees, Apprenticeships and SEND.

Ofsted judged (Oct 2022) that the college makes a limited contribution to meeting the skills needs of employers and stakeholders. The college's expressed intention is to become a community college and determine, through consultation and stakeholder engagement, what is needed, but this is yet to be carried through into a defined curriculum strategy. The principal referred to, 'the year of conversation' he had engaged with to reawaken stakeholder engagement and establish meaningful dialogue and he spoke of the impact this has had.

16 to 19 enrolment has declined, in line with local demography. Demographic growth in school leavers is predicted to be 2% in the coming year, RCU Vector data indicates. The college is optimistic that this growth, albeit modest, combined with improvements in retention, will lead to growth in 16 to 19 enrolments going forward. However, it is, as yet, too early to assess the impact of the college's strategies to improve retention rates.

The college has drawn back from previous subcontracting arrangements but has sought to grow its income significantly through a subcontract) delivering Pearson's HND programmes. There is a small HE provision at the college, which is separately managed and led.

There is considerable enthusiasm for the subcontracted programme's development within the college, but the board's expressed strategic intention to become a community college appears to be in tension with the fact that this is a purely London based programme, delivered in Harrow and Brent. There are risks associated with this off-site provision, other than the potential strategic drift, which the college acknowledges it will need to explore further.

Curriculum planning and development

The college acknowledges that it needs to develop a curriculum strategy as a priority. This needs to align to the college strategic plan and address Ofsted's concerns that 'Leaders must ensure that they identify and respond effectively to the skills needs of

stakeholders, developing the curriculum offer and providing appropriate high-quality education and training where required'. The curriculum strategy should reflect the implications of qualification reform on the college offer. Some early work has been undertaken by teams in their curriculum planning days in October and November, which now needs to be developed into a strategy.

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

The arrangements in place for leading, managing and monitoring quality appear effective. A well understood quality cycle and framework is in place. Curriculum managers were clear regarding the areas they needed to address and improve. They noted that A level Law staffing had been problematic, which had impacted on outcomes and that generally students could be stretched more to achieve higher grades (particularly looking at the C grades – where it was felt there could be more aspirational work to stretch learners to achieve B grades.)

Curriculum managers noted that Level 2 is a particular area of focus for improvement and that progression needs improving. Ensuring consistency of the student experience was also mentioned as an area that curriculum managers focus on.

It was noted that errors in enrolment and registration had impacted adversely on the outcomes of some lower-level programmes in 2022/23. The problem has been identified and addressed.

Student and staff views

Staff and students whom the FEC team met were uniformly positive about the college. Staff noted a substantial improvement in the culture of the college under the new principal's leadership. They welcomed the principal's engaging manner and open communication. They felt they had been kept informed regarding the challenges the college faced and had trust in the principal's leadership. Staff said they enjoyed working at the college and that it was a happy and positive place with good standards of behaviour and cooperative working. They noted that pay was an area of concern but understood the prevailing challenge in being able to improve the position.

Students said they were enjoying their studies. Those whom the FEC team met said they had chosen to enrol at the college due to its positive reputation and through recommendation from former students. They felt listened to and well supported by their teachers and tutors. There were concerns from some regarding vocational timetables which had large gaps within the day. They felt advice, guidance and support were very good and were clear about their intended next steps and progression pathways.

Finance and audit

Recent financial history and forecasts for coming years

From 2019/20 to 2021/22 the college delivered traineeships through several subcontractors. The income from these subcontracted traineeships over that period represented a significant proportion of the college's overall income. Of the total income in 2021/22, circa 21.5% was for subcontracted traineeships.

In April 2023, following investigations, it was concluded that the funding rules were not met in full in respect of the work experience element of the traineeships, and therefore, the associated funding would be recovered by the ESFA. The investigation did not identify any instances of fraudulent activity.

Financial performance 2022/23

Prior to the conclusion of the investigation., the college had decided to end the subcontract arrangements and hence the income in 2022/23 did not include any traineeship grants and was significantly lower than the previous year.

The college reported an operating deficit in 2022/23 and only achieved modest Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). The associated financial health grade was Requires Improvement. However, these figures do not include provision for the repayment of the traineeship grant, the arrangement for which is still being discussed with the ESFA. Once provision for the repayment is included, the financial health grade deteriorates to Inadequate, for the 2022/23 academic year.

Even in the absence of the recovery of the traineeship grant, the college is expected to fail 4 out of 6 benchmarks in 2022/23.

While the college had a strong cash balance on 31 July 2023, it does not have sufficient funds to repay the traineeship grant in the short to medium term.

Financial forecast 2023/24 to 2024/25

The approved budget for 2023/24 and the plan for 2024/25 indicate improvements in the EBITDA and operating deficit/surplus, with financial health forecast to become good.

The 2023/24 budget and 2024/25 forecast are reliant upon the following assumptions:

- The successful delivery of relatively new subcontracted HE provision.
- A decrease in 16 to 18 grant income due to a decline in student numbers.
- A reduction in apprenticeship income over the 2years. This is because of a reduction in subcontracted apprenticeship delivery, following the decision to end these contracts, partly offset by an increase in college taught apprenticeships.
- A decline in subcontracted adult education budget (AEB) provision, following the decision to end this contract, partly offset by an increase in college taught adult courses; the net effect being a reduction in income.

- An improvement in full cost and commercial income.
- An overall reduction in pay. The pay budget assumes increases due to changes in the national minimum wage, and incremental rises, compensated by a reduction in agency and other staff costs.
- A rise in payments to subcontractors.

While the budget does not include the additional 16 to 18 ESFA grant announced in July 2023, the college has decided to use the extra income for a staff pay award.

Cashflow/liquidity

In the absence of the traineeship clawback, the college's cash balance on 31 July 2023 is strong. However, it is insufficient to cover the traineeship grant repayment in the short to medium term.

While, in the absence of the recovery of the grant, the cash is forecast to remain good, working capital is also dependent on the successful delivery of the new HE subcontract and converting subcontracted apprenticeships and AEB courses to college taught provision.

In the coming months it will be essential for the board and senior leaders to work closely with the ESFA and DfE in relation to the timing of the recovery of funds to ensure the college's short-term liquidity is secure.

Financial liabilities/loans

The college has a loan with Lloyds bank. The terms of this loan are in place until April 2027. The college is unlikely to be able to repay this outstanding loan using its own cash reserves and, therefore, it will need to negotiate a term loan with the DfE in order to settle the balance with Lloyds bank.

Audit and risk

The college commissioned an internal audit of risk management, as governors recognised that further work was needed in this area. Following that audit, the recommendations were that the college needed to put in place a clear risk management policy, set out the college's appetite to risk and embed risk management throughout the organisation. The college has agreed to implement these recommendations.

The college has both a strategic risk register and an operational risk register. Although the management team gave assurance that all the items noted within the risk registers were reviewed and updated recently, some curriculum and quality risk items in the operational risk register indicated that they had not been reviewed or updated since 2022. The document, therefore, needs to be updated to reflect the current position.

The current strategic risk register highlights 2 red risks after mitigation.

The college engages an internal auditor, RSM. The board sets an internal audit plan each with the advice of RSM and in 2022/23 this had included an internal audit of the new HE contract. Due to understandable reasons, this audit was deferred. However, it is still outstanding. It is essential this audit is undertaken as soon as possible to ensure that

the appropriate controls, monitoring, and oversight are in place and all the lessons from the failures in relation to the Traineeship subcontract have been learned.

Long term sustainability

The forecast improvements in the college's financial health are heavily reliant on significant growth in subcontracted HE student numbers, and growth in college taught apprenticeships and adult courses. Even in the absence of the traineeship clawback, the college is small, and the growth may not materialise and hence its financial health may not improve.

The sustainability of the college given its current size and the liabilities it faces merits a need to consider the various strategic options available to the college.

Estates and capital plans

Use and maximisation of college estates and assets

The college has one main site in Street, Somerset, and it shares the campus with the Crispin School (Part of the Wessex Academy Trust), Strode Theatre (managed by the college), Street Youth Centre (run by the YMCA) and Strode Swimming and Fitness centre, a local authority facility operated by Fusion Lifestyle.

While the community campus covers a wide area, most buildings operated by the college occupy a relatively compact space, with limited scope for expansion or development.

The college has freehold title of the land containing its teaching buildings, a service road and a grassed area opposite teaching blocks A, B and the theatre. The land upon which the sports hall is situated together with the tennis courts, a hockey field and 2 college car parks are leased. The college has no legal rights to the leased land. There is a complex boundary between the college and Crispin School Academy buildings, and the land containing the all-weather pitch is owned by Crispin Academy School with the college having rights of access.

Property management and investment

The original buildings date back to the 1960s and there is a convoluted, internal boundary between the school and the college to separate once joined up buildings. Since separation in 1973, areas of these have been demolished, adapted and refurbished and a programme of development has provided a number of more modern buildings.

In 2019 the Department for Education (DfE) conducted a condition survey of the college. The resultant report highlighted that there were significant areas of the estate requiring priority investment, with circa 35% of the accommodation considered to be in poor condition.

The college has refurbished some internal areas of its estate in recent times, with the assistance of capital grant funding from the DfE and Office for Students (OfS). These areas now provide good teaching space.

The college is also one of a small number of colleges to be awarded a significant grant from the Further Education Capital Transformation Fund, to replace Block A. The replacement of this building will be managed and fully funded by the DfE.

As noted above, the college owns and manages Strode Theatre as a community facility and derives commercial income from this.

Appendix A – Interviewees

Chair of Governors

CEO and principal

Director of Governance

Director of Finance and Resources

Deputy Principal Curriculum and Quality

Deputy Directors of Faculty for Academic Studies

Director of Teaching and Learning and Quality Improvement

Director of Student Experience

Head of MIS, Funding and Exams

Head of Estates

Head of Finance

WBL Manager and Business Development Manager

Head of HR and Staff Development

Acting Head of Faculty HE

Trade Union Representatives

Group of Staff

Group of Governors

Group of Students

Appendix B – Documents reviewed

Last twelve months minutes and papers from Board and Committee meetings

- Academic Standards and Quality Committee Papers and Minutes
- Audit Committee Papers and Minutes
- Board of Governors Papers and Minutes
- Finance and Personnel Committee Papers and Minutes
- Remuneration Committee Papers and Minutes
- Search and Governance Papers and Minutes

College Strategic Plan 2022-2025

Whole College Risk Register

Last whole College KPI report to Governors

Corporation (and Committee structure) membership with CVs and latest skills audit

Board and Committee Membership

Board Skills and Experience

Board self-assessment 2021/22 and 2022/23 and quality improvement plan

Organisational Chart

Senior Leadership Team membership

Senior Leadership CVs

Senior Leadership CPD record (12 months)

Completed pre-visit Provider Quality Performance Table

Position Statement

Staff surveys and allied action plans

Student surveys and allied action plans

Contract and roles and responsibilities

Completed pre visit financial information request template (excel)

Curriculum Plan Review 2023/24

Curriculum Plan Procedure, Guidance, Timeline 2024/25 Planning Process

College Financial Forecast Return (CFFR) for July 2023

Latest management accounts, including cashflow forecast for the following 12 months

Annual reports from the internal auditors

Draft financial statements for 2021/22

Draft financial statements for 2022/23

Details of bank loans and covenant compliance

Business Case Curriculum Leadership

Business Case Restructure Student Services

Senior Leadership Proposed Structure

Estates/Property Strategy



Department
for Education

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