

**FURTHER EDUCATION
COMMISSIONER ASSESSMENT
SUMMARY**

Central Sussex College

JANUARY 2015

Assessment

Background

1) Central Sussex College is the largest of four FE Colleges in West Sussex, based on two main campuses, one close to the town centre in Crawley and the second in Haywards Heath some 15 miles away. Two smaller sites at Horsham and East Grinstead are used for full cost provision and adult and community learning courses respectively. The College's location is central to the Gatwick Diamond and as such it supports a broad range of communities and businesses in and around the area, has strong links with Gatwick and is on the airport's preferred list of suppliers.

2) The College currently enrolls approximately 14,000 learners on to a broad curriculum across 15 sector skills areas, with courses available from entry to degree level. It works with local employers, as well as universities, schools and other partners to meet skills needs and currently supports approximately 1,200 apprentices.

3) The College received a Notice of Concern (NOC) for financial health in February 2013, following an assessment of their financial health as Inadequate for 2012/13. The College received a further NOC schedule for financial control in February 2014 after the internal auditors resigned and did not produce an internal audit annual report for 2012/13.

4) In the light of these concerns, the Minister for Skills decided that the FE Commissioner should assess the position of the College in line with the government's intervention policy set out in '*Rigour and Responsiveness in Skills*'. In the light of the college's two successive inspection grades of "requiring improvement" it was felt that the college's arrangements for quality improvement should also receive particular attention.

5) The FE Commissioner's report is intended to advise the Minister and the Chief Executive of the Funding Agencies on

a) The capacity and capability of Central Sussex's leadership and governance to deliver financial recovery within an agreed timeframe;

b) any action that should be taken by the Minister and/or the Chief Executive of the funding agencies to ensure the delivery of financial recovery and quality improvement (considering the suite of interventions set out in '*Rigour and Responsiveness in Skills*'); and

c) how progress should be monitored and reviewed, taking into account the Agency's regular monitoring arrangements and Ofsted's monitoring visits following the College's inspection in October 2014.

Assessment methodology

6) The assessment was carried out during the period 5 January to 12 January 2015. The assessment consisted of consideration of briefing documents provided by the Skills Funding Agency and the Education Funding Agency, examination of the inspection reports

of the College and the actions that have been taken since, a detailed analysis of the College's accounts and interviews with staff, students and stakeholders. In addition the FE Commissioner toured both of the College's main sites.

The Role, Composition and Activities of the Board

7) The Board has changed significantly over the past two years following the resignations of the previous Chair and Chair of Audit. It is now generally well balanced with members drawn from business and the local community, and includes members with good financial skills. It does however lack someone with significant experience or knowledge of how to improve quality in further education. It would benefit from the addition of such a member, given the College's current quality position and its two successive Ofsted inspection outcomes of "requiring improvement".

8) In addition, the composition of the audit committee should be reviewed. It is currently too small (three members including a staff member). Committee members should also meet with the auditors without management present at the beginning of each meeting as a matter of good practice.

9) That apart, the Board is performing well and providing an appropriate level of support and challenge.

The Clerk to the Corporation

10) Clerking arrangements are appropriate and minutes now show evidence of good levels of discussion and challenge on key issues. Better links with the operational side of the College, however, could be developed with a view to increasing the understanding of Board members of the College's quality position and how it needs to improve.

The Senior Leadership Team

11) The senior management team has been completely revised following the appointment of a new Principal in 2013. The incoming Principal inherited a number of major problems including a debt representing more than 100% of turnover and unsatisfactory internal auditing arrangements that had failed to alert the corporation to the seriousness of the situation. As a result the internal auditors were changed and senior personnel replaced in a major restructuring that created a new senior team and reduced staffing numbers by more than 200. This new team works well together but at times shared rather than clearly allocated responsibilities have hindered progress, particularly in the area of quality improvement

12) As a team, however, it lacks someone with the clear College wide leadership and management responsibility for curriculum and quality and this is an issue that needs to be addressed with some urgency. An appropriately qualified senior level appointment is recommended.

13) Responsibilities for financial matters are much clearer and the College has demonstrated that it is capable of generating a surplus on its operating activities on a year on year basis. The crippling level of debt incurred by the previous regime, however, will not be able to be addressed without radical change. At present there is no room for

manoeuvre and no opportunity to respond to new opportunities to meet the training needs of employers in what is an expanding and developing area.

14) It would also be helpful if discussions could be reopened with the bank with regard to the College returning to an agreed overdraft level of £1m rather than its current level of £500K, which would relieve some of the pressure on cash flow and the managing of the College's creditors.

15) The Finance team are dealing with the situation in a professional and systematic way but the present hand to mouth existence is unsustainable. The team are understaffed for a College of this size and complexity and too dependent on certain key individuals. They would benefit from the addition of a qualified financial accountant to the team, which would also mitigate to some degree the risk to the College if for any reason these individuals were unavailable.

The Quality of Provision

16) The College was last inspected in October 2014 and was judged by Ofsted as 'Requires Improvement' for overall effectiveness, the second successive such grading they have received. The College was also graded three for outcomes for learners, quality of teaching, learning & assessment and leadership and management. Although the main trigger for the Commissioner's intervention was the financial health of the college, attention was therefore also paid to the reasons why the college was failing to make progress in improving quality.

17) One significant area of concern the report highlighted was the College's MIS systems and their ability to track learners. The College had historically been using two different systems across their two main campuses and these systems did not always correlate. Although one system is now in place across the whole College, data issues remain and there is still much work to be done. In particular the College needs easy access to a dashboard of key performance indicators on a regular and systematic basis.

18) As a whole, the quality team is very new and inexperienced. They have the support and belief of the Senior Management Team who acknowledge the team has potential. Unfortunately the progress that has been shown over the last year indicates that the College does not have the time to allow this potential to develop. The College needs a senior level appointment to take overall responsibility for curriculum development and quality improvement and in the meantime to strengthen the team a mentor or interim who has the experience to identify key issues and actions that will move the College out of the 'requires improvement' category to 'good' and towards 'outstanding'

19) The College has written a post inspection plan following both inspections. The initial plan listed actions to address issues that Ofsted had identified. There is evidence that many of the actions were completed but no indication as to what impact any of the actions had. It is clear, however, that some of the issues identified in the 2013 inspection were still causes for concern in 2014.

20) The latest plan, which was written centrally, responds to the inspection outcomes, some of which cross reference with issues in the individual self-assessments. The plan does not, however, have clear priorities. There are some quantifiable targets but there are

many issues where the first word is 'more' which is not matched with specific numbers. Not all actions have milestones. There is little detail on how some of these actions are to be completed apart from 'review' and 'monitor'. The layout of the document also makes it difficult to follow. A comprehensive review of the plan linked with the full self-assessment action plan, needs to be carried out.

The Financial Position

21) In recent years the College has experienced a declining financial position due to falling income levels and increasing both operating costs and costs to service substantial debt repayments. It is worthy of note that, although the College had been merged since 2006, the previous senior management team had continued to run the College in terms of curriculum as two separate entities with duplicate staffing in some instances, different terms and conditions of employment which hampered sharing of staff and most significantly two MIS systems which considerably impaired the College's ability to produce and act upon robust and valid learner data.

22) The operating position reached a hiatus in 2012/13 with a major operating deficit. This position reflected the impact of a significant restructure across the whole College instigated by the new principal to address over staffing in the College with staff costs running at around 84% of income and the impact of increasing costs to service its debt position.

23) During 2013/14, the College recruited a new Head of Finance who has worked with the Deputy Chief Executive Officer Corporate Services to bring the financial position under control and to provide assurance that both budgeting and forecasting within the College are robust and accurate.

24) The current plan shows that whilst the College has plans in place to generate surpluses and cash from its operating activities this is taken up almost entirely to meet the interest and repayment commitments for its loans. The plan demonstrates that College can just afford to meet current commitments in terms of operations and servicing debt, with SFA repayments over 5 years. However, there is little headroom in cash flow and the College would only be able to invest £150k per annum on capital asset investment. A College the size of Central Sussex College should be investing nearer £500k per annum just to stand still in replacing assets that reach the end of their economic life. This is without having capacity to invest in new assets to support curriculum development in growth areas such as construction.

25) In the past, the College have had serious issues with financial control, which resulted in a Notice of Concern and resignation of the College's Internal Auditors. Financial control has been addressed by the College, although there are still improvements to be made. The Senior Management Team and senior finance and MIS posts have all been replaced and are making good progress in addressing the very serious issues that the College is facing.

Conclusions

26) The new Board and Senior Management Team have a number of difficult problems to solve but have demonstrated over the past eighteen months their ability to get to grips with many of the key issues and deliver an underlying surplus on continuing operations.

27) Significant savings have been made in the day to day running of the College but repaying the inherited debt while providing adequate levels of resources for existing students and improving quality will be extremely challenging. Support from the SFA and the bank will be needed for some time to come.

28) The College has considerable potential for growth and improvement but only with major changes to some of its existing operational practices and a fresh approach to dealing with the debt. A Stocktake assessment of progress will be undertaken by the FE Commissioner in the summer term.

Recommendations from Further Education Commissioner

1. The new board and management team are performing well and should be supported in what is a major turnaround situation. However, the Board would benefit from the addition of a member with knowledge of quality improvement in further education.
2. The senior management team needs to be enhanced with an experienced senior member of staff who has overall College wide responsibility for quality improvement and curriculum development.
3. The Audit Committee requires strengthening and its membership increased with someone with relevant experience to enhance the level of debate and challenge. The Audit Committee should also introduce private meetings with Auditors as a matter of course to provide opportunities to discuss issues without members of staff being present.
4. Revised financial plans are needed for a worst case, most likely and best case scenario that take fully into account the likely results of known changes in local demographics and increases in NI and pension costs, as well as possible cuts in funding rates.
5. Ways of reducing the College's level of debt to manageable levels should be explored as a matter of urgency.
6. Opportunities for further reducing costs, particularly with regard to management and non-teaching time need further consideration with a view to reducing staffing costs as a percentage of turnover for College delivered provision to circa 60% as compared to the current figure of 65%.
7. As part of the 2015/16 curriculum planning and budget setting process the College need to ensure that there is a direct linkage between the budget and the curriculum plan, combined with a zero based budgeting approach for all non-pay areas.
8. Discussions are needed with the SFA to find ways in which existing learners can be adequately supported with the resources necessary to complete their programmes successfully while the college's debt situation is being resolved.

9. The finance team should be enhanced with the appointment of a suitably qualified financial accountant.
10. The post inspection action plan needs to be re-written with an emphasis on the actions required to improve quality rather than on target setting and the recording and monitoring of progress.
11. A policy for managing student performance needs to be developed that distinguishes it from one that deals with student disciplinary matters.
12. More emphasis is needed on developing work experience and employability skills for students and in identifying the destinations of students when they leave the College.
13. The personal tutor system and the role of the pastoral support tutors needs to be reviewed to ensure that it is the most cost effective way of supporting student progress.
14. A Stocktake assessment by the FE Commissioner should take place in the summer term.

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