

**FURTHER EDUCATION
COMMISSIONER ASSESSMENT
SUMMARY**

Stockport College – Structure
and Prospects Appraisal

APRIL 2014

Appraisal

1. The FE Commissioner and two FE Advisers carried out a Structure and Prospects Appraisal (SPA) in relation to Stockport College. The SPA was conducted over the period January to March 2014. The decision to carry out a SPA at Stockport College came out of the FE Commissioner assessment of Stockport College in November 2013, which resulted in the College being placed into administered status.
2. The SPA was conducted in accordance with the processes and guidance set out in '*New Challenges, New Chances*' and '*Rigour and Responsiveness in Skills*'. In summary, the process involved:
 - a. an analysis of the needs of learners, employers and the community;
 - b. a review of the College's offer, quality and financial position;
 - c. an identification and review of the position of other providers in the locality;
 - d. extensive stakeholder consultation (including employers);
 - e. the development, analysis and evaluation of models to meet the needs of learners and employers; and
 - f. the selection and analysis of a preferred model.
3. The work was supported by a Steering Group - chaired by the FE Commissioner - comprising four College Governors, the Interim Principal of the College, the Chief Executive of Stockport Borough Council and representatives of the Department of Business, Innovation and Skills, the Skills Funding Agency and the Education Funding Agency.
4. In summary the SPA recommends that Stockport College reposition itself as a college for vocational education and training, discontinuing its A level provision and rebasing its budget from £28m to around £25m. Furthermore the College should work more closely with the Greater Manchester Colleges Group and strategic partners in the area to explore opportunities for further rationalisation and to ensure that the employer needs of the area are met in an efficient and effective way.

Quality

5. The quality of the College's provision remains weak but it is improving. The full Ofsted inspection of September 2013 graded the College overall as 'inadequate' and identified a key number of priorities for improvement. These were:
 - a. Improving teaching, learning and assessment;
 - b. Quality assurance arrangements;
 - c. The environment of the College;
 - d. English and Maths;
 - e. Outcomes for learners (in terms of success rates and the percentage of higher grades achieved by students).

6. The first Post-Inspection Monitoring Visit (November 2013) by Ofsted identified the College as making insufficient progress. The second visit in February 2014 was more positive and the College was assessed as having made 'reasonable improvement for learners' in each of the five categories under review. In particular, Ofsted observed improvements in teaching and learning, assessment and attendance, and target setting.

Financial

7. The table below summarises the College's financial position for the four years 2009/10 to 2012/13:

	2009/10	2010/11	2011/12	2012/13
Turnover	32,923	33,108	32,496	29,637
Surplus / (deficit) on continuing operations	(5,010)	(3,610)	726	(2,308)
Cash	295	156	1,861	2,721
Financial health	Inadequate	Inadequate	Satisfactory	Inadequate *

Sources: (1) Turnover, surplus/deficit and cash – College audited financial statements (2) Financial health – SFA scoring

* Financial health for 2012/13 moderated by Skills Funding Agency from Satisfactory to Inadequate based on information provided after the year end

8. The table shows that the College has made material operating losses during three of the last four years. Given the weakness of the College's financial position, the Skills Funding Agency issued a Financial Notice of Concern in 2011 (which is scheduled for review in April 2014).
9. At the time of the FE Commissioner's intervention in November 2013, the College was anticipating that the budgeted surplus of £34k for 2013/14 would not be achieved, and that the likely outturn for the year would be a deficit of between £500k and £750k.
10. Since that time, the College's financial position has worsened significantly. The forecast outturn for the year as at the end of January 2014 based on the January management accounts is a deficit of £3.8m.
11. The appointment of an experienced Interim Principal has enabled these problems to begin to be addressed. Proposals are currently being implemented that are intended to re-base the College to a turnover of around £25m and to return it to an operating surplus in 2014/15. In summary, the proposals are to:
- Reduce staff costs (by c£2.5m);
 - Reduce non-pay costs (by £1.6m);
 - Secure a small increase (of 20 FTEs) in HE student numbers;
 - Secure a modest increase in commercial income to £450k.

12. On this basis, the College is forecasting an operating surplus of £185k in 2014/15.

Competitor Analysis

13. An analysis of study patterns in the area shows that 82.6% of Stockport learners aged 16-18 study within the Borough boundary, the highest of any of the local authority areas comprising Greater Manchester. The most common destination for Level 3 learners outside Stockport is Manchester. In turn Central Manchester 'exports' about 10% of its Level 3 learners to Stockport.
14. In addition to the four schools with sixth forms in the area, there are three large providers of further education across the south part of Manchester and four sixth form colleges (three of which are faith-based).
15. There is already a good choice of neighbouring schools, sixth form colleges and other colleges offering A levels, with better results than those achieved by Stockport College. Hence it is recommended that the A Level provision should be discontinued and the college should concentrate its resources on developing its vocational offering.
16. From 2013/14 to 14/15 it is therefore proposed that the shape of the college changes with Level 1 provision staying at approx 20% of the FE offer but level 2 increasing to 40% and with level 3 reducing by 10% to 40%. This will be accommodated by a small target reduction of FTEs. Discussions will continue with the other colleges located in Greater Manchester with a view to further rationalisation and hence a better use of resources aligned to the employment needs of the area.

Summary of the views of external stakeholders

17. The FE Commissioner and FE Advisers spoke to the Local Authority, local employers, employer representatives, other local providers, local MPs, the funding agencies, and staff and students at the College. There was universal agreement that Stockport is large enough to need a distinctive, identifiable College presence, serving the needs of the Borough and its surrounding communities.
18. However stakeholders recognised the need for the College to rationalise its curriculum offer in the context of demand, quality, how it links to Greater Manchester priorities and progression for students. It was felt that Stockport College's provision needed to be linked much more closely to current and future jobs in Greater Manchester with vocational provision taking full account of changing skill needs within individual sectors (for example, in construction). More should also be made of the very strong travel-to-work relationship and transport connections between Stockport and Greater Manchester, and the wider plans relating to the area.
19. The lack of clear progression to employment for students of all ages was heavily criticised. It was felt that college courses at Levels 1 and 2 must prepare young people and adults for work and build on community provision. They should lead directly both to Apprenticeships and to employment.

20. A number of consultees also wanted to see the composition and skills of the Stockport Corporation Board reviewed and renewed. Schools and colleges consulted were keen to see full engagement from the College in partnership activities and in planning discussions, which had not happened to date.
21. Manchester's *City Deal* has the potential to drive forward a coordinated skills agenda across Greater Manchester. Many of those consulted believe that Greater Manchester as a whole should develop clear Centres of Excellence for each major area of demand with the capital infrastructure to delivery provision at Level 3 and above. It was hoped that all colleges would participate in this approach.
22. Within the college staff and managers recognised that the College had 'lost its way' with quality, and had become absorbed and driven by financial issues. The view of many staff is that the key to College improvement is high quality, honest, open and trustworthy leadership and that this was now being provided by the interim Principal. The clarity of the new focus was welcomed.

Future models of provision

23. Based on the work undertaken in the SPA the needs of the locality can be summarised as follows;
 - a. high quality local learning and skills provision for young people and adults, including English and Maths;
 - b. improved vocational provision (including Apprenticeships) at all levels, which is responsive to local employer needs and key Greater Manchester employment sectors; including Apprenticeships;
 - c. improved progression into further learning and / or employment, partnership working with employers, local authorities and other providers; and
 - d. an improved structure and offer at level 2 and below for young people and those furthest from the labour market.
24. Furthermore these requirements need to be met in a financially viable and sustainable way.
25. Within this context the Structure and Prospects Appraisal considered a number of ways forward and analysed each against the criteria. These included:
 - a. College closure;
 - b. Open competition for the College's provision;
 - c. Retained independence;
 - d. Working with others; and
 - e. Joining with others
26. To evaluate the models, two groups of criteria were applied:
 - a. firstly, models were evaluated against the ten factors which '*New Challenges, New Chances*' requires to be taken into account when undertaking a Structure and Options appraisal; and

- b. secondly, the model agreed with the Steering Group as the most appropriate following the first stage was subjected to a feasibility test.

27. The application of this dual process has ensured that the preferred option has been:

- a. Compared with other options on an open, transparent and fair basis; and
- b. Feasibility tested so far as possible, given the project timetable.

Recommendations from Further Education Commissioner

Following the evaluation process it was agreed with the Steering Group that the preferred model for the College, would be:

- c. To continue to operate as an independent college, but with a budget rebased at around £25m as compared to £28m at present and with a curriculum offer that concentrates on vocational education and training from levels 1 to 5

- d. To pursue discussions with other Greater Manchester providers (through the Greater Manchester Colleges Group) and strategic partners in relation to the development of a soft federation and the possible future rationalisation of resources

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