

**FURTHER EDUCATION
COMMISSIONER ASSESSMENT
SUMMARY**

Lowestoft College

MARCH 2015

Assessment

Background

1. Lowestoft College is a small to medium-sized general Further Education College with an annual income of approximately £15M. It is located to the North of Lowestoft, serving the seaside town itself and also the wider rural areas of the Waveney valley and North Suffolk coastal areas. The college is located within the New Anglia Regeneration Zone and is within the remit of the New Anglia Local Enterprise Partnership (NALEP).
2. The area served by the College has few large employers and has a high ratio of low-paid, low-skilled and seasonal work due to the nature of industry in the area. The largest sectors include engineering, where the industry offers high-paid and high-skilled employment, care, construction, tourism and hospitality, manufacturing and food processing.
3. The College delivers a broad range of FE and work-based learning courses for young people and adults. The largest aspects of the college's provision are in the sector subject areas of Engineering, Care and Construction. This makes up over two thirds of the student cohort. The College is also a network centre for University Campus Suffolk and delivers Higher Education qualifications including HNC, HND, Foundation Degrees and full degree programmes.

Assessment Methodology

4. Following the financial notice of concern issued by the SFA in December 2014, the Minister of 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*.
5. The FE Commissioner, supported by three FE Advisers carried out an assessment during the period March 2 to March 6. A wide range of College documentation was reviewed and they interviewed Board members, managers, staff, students and key stakeholders. The advisers also attended a meeting of the LEP where they met a number of local employers.

The Role, Composition and Operation of the Board

6. The Board members have the skills and experience to be able to take a strategic lead, and to challenge the College Leadership in appropriate ways. In several key financial and strategic decisions, however, the Chair and a small group of Governors have acted precipitously before full consultation with other members of the Board and on at least one occasion without full Board approval.

7. It is also recognised that there has been a tendency for the Chair to become involved in what should be management decisions. Given his expressed confidence in the Interim Principal it may be useful for Governors to look again at the important distinction between the fiduciary responsibilities of good Governance and the role and accountabilities of management.
8. Nevertheless, it is clear that the Chair and Vice Chairs in particular are well intentioned and clearly have the skills and business experience to consider the most effective strategy for the College and local learners moving forward. This will involve developing strong networks with other local colleges and employers.

Clerking Arrangements

9. The Clerk produces agendas and papers professionally and minutes are thorough providing a sound audit trail of decisions and actions.

The Senior Leadership Team

10. In order to speed up the college's quality and financial improvement, in July 2014 the governing body took decisive action to replace three key senior managers, including the Principal and Chief Executive. The current Interim Principal was asked to form a new senior management team to deal with the quality of Teaching and Learning.
11. At the same time growing financial problems were identified and it became clear that the new Principal would need to restructure and revise the college's strategic and financial plans.
12. During the Autumn term 2014, the Interim Principal put in place a completely new Management team. She has set about addressing these issues with determination and flair and has worked tirelessly to gain the support of staff and stakeholders alike. It is clear that staff have welcomed the change of culture and there has been a very positive response from both within and outside the college to what has been achieved under the new regime over the last nine months. Despite the difficulties of a staff restructuring there is a positive mood within the college and a view that collectively the college can make the required improvements.
13. Ofsted visited the college in December 2014 and acknowledged the way in which Governors had taken decisive action by removing the existing Leadership team and appointing a new Interim Principal, and further noted that together they had developed plans with the aim of bringing about more rapid quality improvements. Whilst, they also noted that the new culture and systems were having a positive impact in a number of subject areas, their view at that time was that it was too early to judge the impact of those changes throughout the college.

14. Whilst the new Principal and her team have therefore brought a new sense of direction and purpose, the scale of the immediate task should not be underestimated and the question still remains as to whether they can deliver a financial recovery and turnaround.

The Quality of Provision

15. The College was inspected in December 2014 and was judged by Ofsted as 'Requires Improvement' for overall effectiveness, the second successive such grading.

16. An overview of the quality processes shows that the systems that are in place are those that would be expected to help make improvement. As yet, however, they are not having the impact that might be expected. A programme of visits to colleges to see 'Good' and 'Outstanding' provision in practice should be put in place.

17. The College has recently restructured its curriculum management teams. There is a Quality and Learning Improvement Manager, who has joined the College within the last year, and has come from a 'Good' college. She has responsibility for the design, implementation and monitoring of the quality processes. Her previous experience means that she is very aware of the types of processes that should be in place to monitor performance to ensure improvement, and there are now many new systems and procedures in place. Staff recognise that since her appointment there has been a very fast pace of change.

18. There are two Directors of Curriculum and Quality who are part of the senior management team. They have co-responsibility to be the lead officer to the Corporation on all matters relating to curriculum and standards and oversee the work of the Academic Board and its committees.

19. The Principal felt that as the Directors were currently required to be operational she needed to be the strategic lead for quality but she does recognise that this is not sustainable, particularly with the major financial issues that face the College. A review of the responsibilities of the Directors of Curriculum and Quality should be considered to address this issue.

The Present Financial Position – Overview

20. The College has experienced a decline in its financial health over the last three years. There have been three consecutive years of operating deficits as per the audited financial statements, with a further operating deficit anticipated in the current year. Financial management has been weak.

21. The College has urgent short-term cash flow issues caused by continuing operating deficits and overspending on capital projects. There has been a history of poor

accuracy in forecasting the financial outturn in recent years, and managing costs within budget. In addition the College committed itself to capital expenditure, without putting the necessary financing arrangements in place. Some decisions appear to have been taken without proper consideration of their significant financial implications

22. The curriculum and business planning process for 2015/16 is now well developed but has not yet been completed. It is very likely that once finalized the College will need to embark on a further restructure of its staffing to reduce staffing costs to 63% of total income. The College also requires a fundamental review of its estate which takes full account of other provision in the area and ensures value for money.

23. In December 2014, the SFA issued a Financial Notice of Concern. In the notice the college is required to

“Produce a strategic recovery plan, approved by the Corporation, which is acceptable to the Agency. The actions and milestones in the recovery plan will form an annex to this Notice.”

The draft financial recovery plan documents were sent to the SFA on 22nd December 2014. However, upon review the recovery plan sent is a series of individual documents, which do not form one coherent recovery plan.

24. Whilst the senior team have made a good start in developing individual strategies and plans this needs to be pulled together in one integrated document. There are some gaps that need to be addressed such as a clear written commentary, that links all aspects of the plan together, and a detailed action plan, which sets out clear milestones, that can be easily measured by management, the board, and external stakeholders. There should also be a clear sensitivity analysis with associated contingency plans to deal with any adverse circumstances that may materialise.

Conclusions

25. Although the new management team are doing the right things and inspiring staff to deliver, it will be the next few months which decide whether it will be enough to safeguard an organization with less than £15m of funding in the changing financial landscape. They will need greater management capacity if they are to do so. The steps that they have taken so far suggest that there is a case for supporting a College-led recovery, which with regular monitoring could enable them to deal with both the financial and quality issues over the next two years.

26. The next three to six months, however, are critical for the college in determining whether or not a financial turnaround can be achieved. If the college is able to implement quickly a robust recovery plan, and its associated actions it should be possible for the college to return to a stable financial position in the next 18-24 months.

Recommendations from Further Education Commissioner

1. Key strategic decisions made by the Corporation need to be considered in a more collective manner, and based on sound evidence and intelligence.
2. Corporation members need to be more aware of the overview strategic nature of their role and avoid getting involved in more operational management decisions
3. A clear succession plan needs to be put in place regarding the appointment of the next Chair when the current Chair's one year term is completed.
4. The Interim Principal is dealing with a number of complex financial, quality and staffing issues, and given her short experience in some aspects of these roles, professional mentoring and advice should be a key part of the Board's support for the Principal in undertaking her Chief Executive role over the next year.
5. The Corporation needs to reintroduce a Finance and Capital committee and also a Quality and Curriculum and Standards committee in order to ensure that the Corporation meets its fiduciary accountabilities more effectively
6. Given the current precarious financial situation of the college and its reliance on Funding Agency support, the strategic decision to buy the Lound campus should be reviewed and a full strategic and operational evaluation of its current and future use made in order to determine whether this campus is needed and if so, what is its best value use. This should be part of a more general review of the college's estate, bearing in mind other provision in the area.
7. The short-term cash flow issues need to be urgently resolved through discussions with both the bank and the SFA. The College should consider carefully the amount of cash support being requested to ensure there are sufficient funds to meet operational requirements.
8. The College need to urgently complete a coherent recovery plan that links curriculum plans with resource and financial plans, sensitivity analysis and contingency plans. It should include a written commentary that brings all elements of the plan together. The Plan should also include a detailed action plan.
9. Given the urgency of the actions required for resolving cash issues and completing the recovery plan, the college should appoint an experienced interim senior manager with experience of recovery planning to support the existing management team. This appointment should be made as quickly as possible and should be for a period of 3-6 months

10. The new senior management team does not include a qualified accountant. The newly appointed interim Head of Financial Operations should attend future SLT meetings and governor meetings.
11. Improvements need to be made to financial management and reporting. The planned changes to the format, content and timeliness of the management accounts should be implemented. The curriculum planning should be directly linked to the budget plan to ensure a realistic financial plan is put into place.
12. The Governing body should consider recruiting a new governor who has a strong accountancy background.
13. The Interim Principal should establish a strategic lead for Quality at SMT level by realigning the duties of the two Curriculum and Quality Directors
14. The 'live data dashboard' of KPIs needs to be developed to make it easier to identify areas in need of improvement, and the format of the QIP needs to be updated to show progress 'at a glance'
15. A Professional Development programme focused on e-learning needs to be developed. This programme to include the introduction of a recognised Virtual Learning Environment.
16. Links need to be established with Good or Outstanding Colleges and staff, managers and Governors mandated to visit and understand what 'Good' and 'Outstanding' look like.
17. The college should work closely with other neighbouring institutions with a view to rationalising provision and providing better value for public money
18. An FE adviser should continue to monitor and review progress on a regular basis, with a stock take assessment by the FE Commissioner in September 2015.

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