

**FURTHER EDUCATION
COMMISSIONER ASSESSMENT
SUMMARY**

Birmingham Metropolitan
College

AUGUST 2015

Assessment

Background

Birmingham Metropolitan College is a further and higher education college with campuses distributed across Birmingham and the Black Country. It was created in August 2009 as a result of the merger of Sutton Coldfield and Matthew Boulton Colleges and a subsequent merger with Stourbridge College.

The total number of learners in 2013/14 stood at 30,215 studying both part and full time courses. Provision is offered in a wide variety of sectors within state-of-the-art facilities. There is a wide range of A Levels and vocational courses from pre-entry up to Level 5 including A Levels, BTECs, NVQs, HND/Foundation Degrees and Honours Degree programmes. Apprenticeships are offered at all age groups and access courses, Higher National Diplomas and Certificates, Foundation Degrees and Degree programmes are offered in partnership with local universities. The college also has a good track record of working with employers mostly within the regions covered by the Black Country and Greater Birmingham and Solihull Local Enterprise Partnerships. There are significant relationships with large employers such as BMW, Caterpillar and JLR.

Following the notification by the Skills Funding Agency that Birmingham Metropolitan College had requested exceptional financial support the Minister for Skills and Enterprise 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*.

The FE Commissioner's report is intended to advise the Minister and the Chief Executives of the funding agencies on;

- a) The capacity and capability of the college's leadership and governance to secure a sustained financial recovery within an acceptable timetable
- b) Any actions that should be taken to deliver a sustained financial recovery within an agreed timetable (considering the range of interventions set out in *Rigour and Responsiveness in Skills*) and
- c) How and when progress should be monitored and reviewed taking into account the Agency's regular monitoring arrangements

Assessment Methodology

The FE Commissioner, supported by two FE Advisers, carried out an assessment during the period 24th to 28th August 2015. They received in advance extensive briefing information provided by the Skills Funding Agency and the Education Funding Agency and reviewed a wide range of college documentation. They interviewed board members, managers and staff, as well as representatives of the SFA, EFA and the trade unions.

The Role, Composition and Activities of the Board

Overall the Board of Birmingham Metropolitan College has a good balance between commercial and community governors, although it is relatively small by sector standards, having been reduced in numbers over the past eighteen months from nineteen to eleven.

A further change over the period has been to reduce the number of sub committees with a view to bringing more items to the full board. While this is unlikely to cause a problem when the college is in a stable state, when there are financial difficulties it is essential that board members have the time to examine and challenge the college management team regularly on the college's financial performance. This decision should be reviewed.

Both the Principal and new Chief Financial Officer believe that the Board, as now constituted, provides an appropriate challenge to senior management and that members understand the financial issues that the college needs to address. This is generally supported by the Minutes of Board meetings.

Good clerking arrangements are provided by the Company Secretary.

The Executive Team

The Executive Team consists of the Principal/CEO who joined the college on 19 May 2014, two Vice Principals, two Executive Directors, of which one is also the Chief Financial Officer, a Chief Information Officer and a Company Secretary. A new Chief Information Officer has been appointed who is due to join the team in October 2015. The team has a good mix of commercial and college based experience, with the Principal and Company Secretary coming from outside the sector.

Below the Executive Team there is a structure consisting of thirty-two further senior managers. This is considered to be a more weighty structure than is necessary but the Executive Team members with whom this was discussed defended the number of post-holders on the basis that much needs to be done to change the college's culture to achieve the necessary improvements. Having so many managers and a relatively complicated structure, however, does give rise to a number of problems which need to be addressed by a clear communications strategy.

Finance

It is clear that over recent years the college's turnover has declined significantly and the bottom line has also deteriorated having moved from a surplus in 2009/10 to a significant deficit in 2014/15. Furthermore during this period, there has been a drop of over 30% in learner numbers.

During 2014/15 the college Principal and Board became increasingly concerned about the college's financial forecasts and control systems. The Board, led by the Chair, undertook a detailed examination of the college's financial performance and took the decision in February 2015 to replace the Chief Operating Officer who had been responsible for finance for a number of years.

The financial position was then scrutinised by the new Chief Financial Officer who considered that income forecasts for the year were seriously overstated. Indeed the grant

funded income that had been forecast was materially higher than the college's agreed funding allocations. When the Board were made aware of this it was decided to begin to develop a Recovery Plan and to commission a number of external reviews to identify areas of weakness.

The college Executive now appear to have regained control of the college's finances and the work that has been undertaken to develop their Recovery Plan is impressive. However, in the light of the college's past performance and especially because of the lack of appropriate ownership by managers of financial matters, there must be a doubt as to whether changes that are being planned can be effected sufficiently quickly to have the desired effect.

The underlying figure for staff costs for 2014/15 is forecast to be 70% reducing to 60% in 2015/16 and whilst it is clear that much care has been taken in developing the Recovery Plan, there must similarly be a question as to whether the culture in the college can be changed quickly enough to achieve such a significant improvement in delivery costs. The key to this will be detailed and regular monitoring of actual performance against the plan and swift senior management intervention to take the necessary corrective action.

It is also quite clear that until early 2015 the standard of financial management and control in the college was not acceptable. However, since the appointment of the new Chief Financial Officer, who has significant relevant experience in this role at another college, major improvements have been made, including the replacement of the college's financial regulations with those that accord with best practice as laid down by the Chartered Institute of Public Finance and Accountancy.

The structure of the finance function has also been reviewed and changed. The new structure now represents best practice and should ensure an improvement in controls. The roles of financial and management accounting have been separated with one Finance Manager overseeing each function. Both Finance Managers and the Director of Finance are now working closely with all budget holders on a regular basis to ensure that future planning and control are improved.

Both Financial Record Keeping and Financial Reporting were similarly in need of improvement and this has now been effected. A common accounting system is now used across all the college's campuses and the standard of financial reporting that was present during the intervention was of a high standard.

Despite the obvious financial control issues with which the college has had to contend during 2014/15, it should be noted that neither the college's internal nor external auditors had raised issues of serious concern in their earlier reports.

Estates

The college currently operates from 14 sites and also owns a number of other vacant properties. The college recognises that with the reduction in learner numbers coupled with the increasing importance of work based learning including apprenticeships it will have a need for less accommodation in the future. It is therefore undertaking a review of utilisation of all of its premises and a decision has already been made to withdraw from the Language Centre in Birmingham, which houses much of its ESOL provision and move

it to the Matthew Boulton campus where there is surplus space. It has also recently sold one property, Castle Vale and has three others earmarked for disposal.

Quality Improvement

The college was inspected in May 2015 and was graded as Requires Improvement for Quality of Teaching and Learning and Assessment, Effectiveness of Leadership and Management, and Outcomes for Learners.

The college has responded quickly and positively to the inspection and has created a full Post Inspection Action Plan. This supplements the Quality Improvement Plan that already existed as a result of the self-assessment process in 2013/14. The plan has been written to reflect the learner journey and how each stage of this journey can be improved.

Current performance management processes for courses have been in operation for the last year. These have been co-ordinated consistently by a quality department which is managed by an experienced Director and overseen by the Vice Principal for Teaching and Learning. Processes include monthly departmental reviews with managers, and termly performance reviews with members of the Executive responsible for curriculum. Outcomes from these reviews are minuted and subsequent actions are followed up. These processes, if applied rigorously, are consistent with those used in colleges that get good or outstanding outcomes. However, the management structure has only been in place since March 2015 and it is too soon to see if all managers are taking the required action when poor performance is identified.

Areas that are deemed to be underperforming are also subject to extra quality assurance reviews from the quality department who have brought in external expertise. In the academic year 14/15 seven curriculum areas were involved in quality assurance reviews. At the end of the interventions each area had made some improvements but these have not led to a large prediction in increases in outcomes. Consideration should therefore be made as to whether the current model of interventions are producing sufficient impact for the amount of time and effort invested in them.

The recent management restructure has resulted in the Director of Quality reporting to the member of the Executive who was previously Executive Director for Quality and HR, but now holds the post of Chief Financial Officer (CFO). With the current financial issues the CFO has a very heavy workload. As a great deal of the Director of Quality's time involves working with the Vice Principal for Teaching and Learning relocating this post to their line management would be appropriate.

The recent Ofsted inspection identified that the college does have some outstanding teaching, but this is not consistent across all subjects. There needs to be more effective use of Information Learning Technology and value added requires improvement. Attendance needs to improve and to be considered during the observation programme.

Success Rates

The data for 2013/14 which was judged at the May inspection shows that the college is operating at the national level for retention, but is not at the required level for achievement. This reflects the impact of lower level attendance and some lack of

challenge within the classroom. As a result, success rates dropped by approximately 2% between 2012/13 and 2013/14. This brought them to 2% below the National rate.

The current prediction for overall success is 83.7% which is a 1% increase but will still be below National Rate. AS and A Level success rates were released in August, and they have declined on 13/14 results by 2.3% and 0.6% respectively. Within these declining results high grades have improved for AS but declined in A levels. Value added appear to be static on 13/14 scores, which were low in the previous academic year.

The Executive acknowledge that the pace of change needs to increase to bring the success rates above the national rate, and to ensure that the experience is consistent across all the various college campuses. Processes have been put in place to review the stages of the learner journey and to improve the experience and to ensure students want to be at college and achieve. These will be reviewed at the Commissioner's stock take assessment in December.

Apprenticeship results for 2013/14 were very low, and have declined over the last three years. 41.1% of 'All Age leavers' were below the minimum standards threshold. These results triggered a letter from the SFA asking for detailed explanations as to why each framework was under-performing. The college was able to identify the reasons which were mainly linked to subcontractors who had not been managed effectively by previous managers. These sub-contractors have not been renewed and it is the aim of the Principal that the majority of sub-contracting will cease over the next two years.

Management of the apprenticeship programme has also been reviewed. The delivery and ultimate responsibility sits with all the curriculum managers alongside their mainstream provision. This is supported by the Vice Principal for Teaching and Learning who will monitor this work as part of the standard performance reviews. There is also a Director with responsibility for monitoring Partnership work which will include regular reviews of learner performance, observations of teaching and learning and 'no notice' learning walks. During discussions with staff it was not clear that lines of communication would be sufficiently focused whilst the provision is in the existing fragile state. It is recommended that a member of the curriculum management team is given operational responsibility.

Curriculum Planning

The process of curriculum planning is carried out directly into the ILR system. Every year there has to be a full input which gives the possibility of error occurring. Currently there is not a modelling system where curriculum heads can test different options and understand the implications of various set up options. It is recommended that this is developed.

Termly performance reviews of curriculum are also done separately from the financial reviews during the year. With the correct reporting tools it would be possible to do this at one meeting and to keep a tighter view of the relationship between curriculum and financial planning.

The management of English and maths has been brought under the management of one Head of Faculty and Director of Curriculum. This has led to centralised timetabling and management of sessions so that they are not delivered at the beginning or end of the day. They will now be seen as an integral part of the study programme. Staff development

activities have taken place to raise all staff awareness that English and maths should be reflected in all classes.

Results for 2014/15, however, have not shown a great improvement on the previous year. Work will have to continue on raising these standards.

Conclusions

The college now has the expected policies and processes in place to achieve quality improvement and financial recovery. At the time of the review, however, much of this has only been in place for one term, and therefore it is too early to see an impact on results. The extent to which in year milestones for 2015/16 are being achieved will show how successful the new management team is in implementing their new strategies. A follow up review by the Commissioner should take place in December to consider progress and how well the college has adapted its cost base to enrolments in the new academic year.

Recommendations from Further Education Commissioner

The existing team should be supported in the actions it is taking to address the significant quality and financial issues it has inherited.

In addition the college would benefit from

- Reinstating a finance sub-committee to ensure an appropriate level of scrutiny is applied at least until such time as the college's financial performance is good.
- Improving the layout of the PIAP to ensure that actions clearly relate to the areas that require improvement.
- Reviewing the data dashboard currently being developed to include trend data.
- Reviewing the management of apprenticeships to ensure a clearer focus on performance.
- Developing a curriculum planning tool that enables off line modelling.
- Carrying out financial performance monitoring alongside the monitoring of quality performance at termly reviews.

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