

# **Further Education Commissioner**

## **Summary Assessment Report**

### **Stanmore College**

## **Background**

- 1) Stanmore College is a small General Further Education College based in the northern part of the London Borough of Harrow. It is almost exclusively based on one campus, a 10-minute walk from the Jubilee Line Underground Station.
- 2) The College currently offers A levels and vocational courses, with an emphasis on provision at Level 3. It recruits most of its learners from three London Boroughs – Harrow, Brent and Barnet – within a 180 degree arc to the South. Almost all provision is classroom-based, and there are no Apprentices in the age range 16-18.

## **The Assessment**

- 3) Following the Skill's Funding Agency's notification that Stanmore College had been graded as 'inadequate' by Ofsted at its most recent inspection (22-25 September 2015) 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*'.
- 4) 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 Stanmore College's leadership and governance to deliver quality improvement 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 quality improvement and financial stability (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 SFA's regular monitoring arrangements and Ofsted's monitoring visits.

## **Methodology**

- 5) Three FE Advisers carried out an assessment during the period 14<sup>th</sup> to 18<sup>th</sup> December 2015. They received in advance extensive briefing information from the SFA and the EFA.
- 6) A wide range of College documentation was reviewed and they interviewed Board members, managers, staff, students, and key stakeholders. They also toured the college

## **Leadership and governance structures**

7) The current Principal was appointed in 2006, and will retire on 31 March 2015. Second-tier post-holders for Finance and Funding, and Curriculum and Quality are new (appointed from October 2015 and April 2015 respectively). For the months preceding the appointment of the Vice Principal Curriculum and Quality, the Principal took on this role in addition to her own, and she still retains an oversight of curriculum and quality matters.

8) There are currently 17 Governors, including two staff governors and a student. Both the Chair and the Vice-Chair have served on the Board for 18 years, and have been in their current roles for 10 years. The Chair has recently retired from paid work, but has a background in media and production which includes running an independent production company. The Vice-Chair is also retired but was formerly Deputy Vice-Chancellor of Middlesex University. There is a good mix of financial, educational, HR and legal expertise among Members. Four new governors have been appointed since December 2013.

9) The College operates a traditional structure of governance, with four Board meetings a year, and sub-committees for Audit, Remuneration, Resources, Curriculum and Quality and Search. A new 'Scrutiny Committee' was set up in 2014 to oversee progress in improving quality.

## **The Quality of Leadership**

10) To reduce costs, management restructuring took place in summer 2015 and has led to a complex set of hierarchies for a small College. There are several layers of management:

- Principal,
- Deputies/Executive Directors
- Heads of School/Directors,
- Study Programme Leaders
- Course Leaders
- Teaching staff

11) Discussions during the assessment were held with governors, senior leadership team members, heads of schools, programme team leaders teaching staff and support staff. At all levels, there is lack of confidence in the Principal's ability to lead the College going forward primarily related to style of leadership, lack of consultation, and lack of clarity about priorities and future direction. The structure may have contributed to a view that the Principal is remote from the day-to-day issues affecting course management and teaching.

12) Advisers had discussions with individual governors (Chair, Vice-Chair, Chair of Curriculum and Quality Committee, Chair of Resources and the two staff governors). Governors indicated that they are asking many more

questions of the Principal in meetings and at strategic planning days, but answers are too often either placatory or defensive, or responses are aimed to close down further enquiries. Staff governors reported that they felt inhibited about asking challenging questions, uncertain of the consequences for their own position in the organisation.

13) Data on performance is now available to governors through the Scrutiny Committee but, according to second-tier post holders, too much control over the content of papers and the messages arising is exercised by the Principal.

14) The Clerk is appropriately qualified and experienced. Minuting of meetings is effective and recent minutes demonstrate that governors are questioning the content of Board papers in some detail.

15) Governors recognise these issues but did not take decisive action until the publication of the most recent Ofsted inspection report. From January 2016, the Principal is to be replaced in terms of the day-to-day running of the College by an externally-appointed Interim Principal.

16) At the time of our Assessment Visit, the current Principal's role up to 31 March 2016, agreed with the Board was to be externally-focused, progressing partnership arrangements with a neighbouring college and preparing for the forthcoming Area Review.

### **Quality of provision**

17) The September 2015 Ofsted Inspection, graded the College as overall 'inadequate'. This follows on from an early report in March 2014 which graded the College as 'requires improvement'.

18) The main concerns identified in the 2015 Report were:

- The slow pace of change to bring about improvements since the March 2014 inspection
- Poor use of data
- Overly-positive views about the quality of teaching and learning
- The structure of study programmes
- Success rates and value added
- Performance in English and Maths
- Target-setting

19) The Principal admits that she did not easily accept the findings of the Inspection team. As a result, too much time following the departure of Inspectors was spent unproductively, and the College did not set about addressing the fundamental issues exposed. In particular:

- The College has not fully grasped the tight timescale allowed by Ofsted before re-inspection. As an 'inadequate' College, it will be re-inspected within 15 months of the publication of the report. This means re-

inspection before January 2017, with the 2015/16 results acting as a central piece of evidence in assessing whether improvements in the quality of provision have been made.

- The self-assessment report for 2014-15, which was finalised following the September 2015 Ofsted visit, took a very different view on quality to Ofsted, and gives a false picture which is holding the College back. The College awarded itself an overall grade of 'requires improvement' but many subject areas were graded as 'good'. Strengths included teaching and learning, assessment and feedback. Only Maths and English were recognised graded by the College as 'inadequate'. The self-assessment was not subjected to any form of external moderation or benchmarking.
- With regard to the strategies to improve provision, there is a lack of clarity on what needs to be done. Too many (often conflicting) demands and initiatives are required of staff, and there is a failure to focus at this stage on the principal actions which will generate rapid improvements. Staff report that their own practical suggestions for changes are often 'blocked' or ignored by the Principal, and that training provided in areas such as target-setting and teaching/learning is not always of the quality required. Study programmes have not yet been modified to take account of the needs of different levels and student needs. Although procedures for monitoring attendance are starting to bring about improvement, attendance remains at about 90% across the College.

20) There therefore no clear evidence that success rates for 2015/16 will be materially improved over those in 2014/15, or that there will be sufficient additional progress to satisfy inspectors that the College is no longer 'inadequate'.

### **Student numbers against allocations 2015/16**

21) In 2014/15, the College was short of its EFA target and in 2015/16, the College will once again fail to achieve its 16-18 allocated learner numbers. This will have very significant financial implications for 2016/17 under the lagged funding model. The college is currently nearly 350 learners short of its numbers target, and £1.5m short of the funding allocation. With no consensus amongst College managers about the reasons for the shortfall (indicated as possibly poor marketing, poor IAG, increased sizes of local school sixth forms, the adoption of linear A levels or increased entry requirements for some subjects), the chances of developing a strategy to reverse this decline are remote. In addition, the impact of the Ofsted 'inadequate' grade is unknown, but may further depress applications and enrolments.

22) The October management accounts, however, show that the College is expecting to achieve its adult classroom based learning target in full for the current year, with planned starts in January and at Easter.

## **Finance**

23) The College has had a recent history of strong financial performance, with a consistent operating surplus being achieved annually and, consequently, building good levels of cash reserves. The College's financial health was assessed as *outstanding* after the submission of its financial plan. However, the College does face some significant financial challenges following a rapid decline in 16-18 learner numbers.

24) Over the past three years, there has also been a reduction in total income by 13% mainly attributed to reductions in SFA and EFA allocations

25) The College has undertaken some staff restructuring in the 2014/15 financial year to endeavour to reduce costs in line with income reductions, but pay costs are currently still running at 71% of income.

## **The Financial Position**

26) A comparison of the financial statements for 2014/15 with the budget and the previous year audited financial statements demonstrates the current strength in the College's financial health. However this situation is likely to deteriorate rapidly

27) The Executive Director of Finance and Funding has recently prepared an indicative forecast for 2016/17, to reflect the impact of lower level of learner numbers in the current year. Assumptions appear to be realistic both in terms of reductions of 16-18 numbers and a significant fall in the adult skills budget. This now shows a forecast deficit for 2016/17.

28) Savings are being planned, but given the likely scale of income reductions and the associated cost savings required, it is difficult to see how the College could be financially sustainable over the coming years.

## **Financial Management and Control.**

29) The October management accounts contained the key basic information that would be expected, an Income and Expenditure account with full year forecast, a balance sheet, and a monthly cash flow forecast through to July 2016. The commentary was very brief. There was limited knowledge of the budget setting process used last year as both senior finance staff were not in post at that time. However speaking with curriculum managers they stated that they were fully involved in curriculum planning and this linked directly to their budgets.

30) College leaders and managers have reported that the IT systems cause a number of problems - primarily because they are all bespoke and the people who created them have generally left. Whilst the staff believe the data is robust there was particular concern about the student system as no data is automatic and reporting is very difficult.

## **Internal/External Audit**

31) The 2014/15 annual report of the internal auditors gives an opinion that the College “has adequate and effective governance, risk management and internal control arrangements.” However, in their opinion they do also note that “the direction of travel of the individual component opinions for risk management, internal control and governance are all on a downward trajectory for 2014/15, which gives us a cause for concern”.

32) The 2015 management letter from the external auditors highlights some internal control issues, but concludes that “overall controls are operating satisfactorily with the exception of issues highlighted”. The overall opinion on the financial statements to July 2015 is unqualified.

## **Views of External stakeholders**

33) As part of this assessment, Advisers conducted telephone interviews with the College’s HE partner, and with the London Borough of Harrow.

34) The College currently has two Foundation Degrees and a one year top up BA honours programme, franchised from University of West London (UWL), with a total of 76 students. The University has decided to end this arrangement primarily because of the College’s Ofsted results. The University’s primary concern was around the College’s Leadership and Management’s capability to respond to quality issues and lack of willingness to learn from best practice elsewhere.

35) The Local Authority (LA) was positive about the College, the Principal and the contribution made in the introduction of lower-level programmes to addressing Borough priorities in the reduction of NEETs. The LA understood the challenges that the College was facing with the loss of A levels, triggered in their view primarily by the expansion of Harrow school sixth forms. The Borough was positive about partnership discussions between Stanmore College and a neighbouring college and would be supportive of further structural arrangements.

## **Strategic considerations**

36) Stanmore College governors have moved quickly following recognition of their future viability, and have opened discussions with a neighbouring college. The Principal, who has had a key role in the discussions, has indicated that it is her intention to seek to progress towards merger or federation in the next 2-3 months prior to her departure, and in front of the timetable of the Wave 2 Area Review. The Skills Funding Agency’s concern, shared by us, is that the combined income of the two colleges may not be sufficient to produce a sustainable, high-quality institution in its own right.

37) In the light of our evidence, we judge that it is important to explore the fullest possible range of options from closure through to merger. A broad

range of potential partners across the sub-region should form part of any consultations.

## **Conclusions**

38) At all levels, there is a lack of confidence in the Principal's ability to lead the College going forward. Staff and managers are highly critical of her.

39) The Governing Body has not held the Principal to account for the College's poor performance. Members have been too ready to accept the explanations and excuses provided by the Principal and her repeated assurances that all is well. However, the view of the FE Advisers is that recommending removal of key governors at this early stage in the intervention process, would significantly de-stabilise the college and its learners.

40) The serious shortfall in 2015/16 recruitment is damaging to the College's future viability, and the challenges will be greater from 2016/17 with the loss of second year A level students. Without a shared understanding of why the drop in students has occurred, the management team will be unable to address the underlying causes.

41) Finances are current sound with good cash reserves. However, this financial year the College will make a deficit and in 2016/17 income projections show a rapid decline. Planned reductions in expenditure are not in step with this decline in income, and we do not believe that the College can survive as a standalone entity.

42) The College has been slow to take action following the September 2015 Ofsted inspection. From a low starting point, changes have not been introduced in a timely and successful way. Discussions with staff and students indicate that there are a range of structural, cultural and process issues for the Principal to address.

43) A Structure and Prospects Appraisal is planned, but at the same time the College has opened direct discussions with a neighbouring college which appears to undermine the SPA's purpose. There is a danger that the full range of appropriate options and possibilities will not be considered. In the light of actions to date, it would be inappropriate for the present Principal to continue with the planned role of progressing future partnership arrangements for the College. There should be a FE Commissioner led Structure and Prospects Appraisal in advance of the forthcoming Area Based Review scheduled to commence in March 2016 to ensure that the full range of appropriate options and possibilities are considered as part of the Area Review.

44) We have fed back these points to the Chair of Governors, who fully accepts their validity. He has accepted our advice to him that the Principal should not continue with an active role in the College and should not return after term ends on Friday 18 December 2015.

**Recommendations:**

1. That the College should be placed in Administered Status with immediate effect.
2. The Board should conduct a full review of its current performance and implement the changes necessary ensure appropriate challenge and mechanisms are put in place in order to review the performance of the Interim Principal and the senior leadership team.
3. That the Interim Principal's focus should be on rapidly improving the quality of provision for students currently attending the college, but not limited to, strengthening of the PIAP, and the need for reforming governance and finance mechanisms.
4. That an Observer is placed on the Governing Body.
5. That a compulsory FE-Commissioner led Structure and Prospects Appraisal process commences without delay, so that strategic options can be explored in advance of the planned Area Review (March 2016).