

# **Further Education Commissioner assessment summary**

**The Guildford College Group**

**November 2017**

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# Assessment

## Background

The Guildford College Group (GCG) is a medium-sized general further education college in Surrey, comprising three campuses:

- Stoke Park in Guildford: general further education
- Merrist Wood College: land-based provision
- Farnham Sixth Form College: 16-18 academic provision.

The Group is a result of two mergers – Guildford College joined with Merrist Wood in 2001 and Farnham Sixth Form College joined the Group in 2007. The Group is the largest FE College in the county.

GCG has experienced a number of difficulties in relation both to finance and to quality over recent years, i.e.:

- It was subject to a Notice of Concern for financial health and placed into formal FE Commissioner intervention in March 2014. It was removed from FE Commissioner intervention in September 2016 as its financial position improved as a result of a land sale and improved operating position, but remained under ESFA intervention.
- It was subject to a Notice of Concern in relation to financial management and control in June 2015. This notice was lifted in March 2017.
- It was subject to Notices of Concern in relation to minimum standards in 2015, 2016 and 2017 for Apprenticeships.
- The College was graded 3 (requires improvement) by Ofsted in its two most recent inspections, in June 2015 and May 2017.
- The College required Exceptional Financial Support (EFS) in 2015.
- The Group's financial prospects continue to be uncertain.

## Area Review Recommendations

In July 2016, the Surrey Area Review recommendations in relation to the College were as follows:

- The four general FE colleges (i.e. including Guildford) to explore options for federation or other structural partnership. This will build on collaborative work around the curriculum to develop financial resilience;
- Guildford College to undertake a detailed options appraisal to determine the best partner and structures for a federation/merger.

Since the completion of the Area Review, the College has held a number of discussions with interested parties, but no significant progress towards developing a federation or merger arrangement has been made.

## **FE Commissioner Intervention**

As a result of the College's uncertain financial position, the College was subject to an FE Commissioner intervention in October 2017. The purpose of the intervention was to:

- Review the College's financial position and prospects.
- Recommend a way forward which takes account of the Area Review recommendations and meets the needs of learners, employers and the communities served by the College.

## **Assessment Methodology**

The assessment consisted of consideration of briefing documents provided by the ESFA, examination of detailed information provided by the College and interviews with key staff and the Chair of governors.

## **Governance**

The College has twenty Governors, of which 15 are independent, external members of the Corporation. The Chair has been a Governor since March 2013, and Chair since April 2014.

The College operates with six committees of the Corporation, i.e.:

- Audit & Risk
- Curriculum & Standards
- Estates Development & Infrastructure
- Finance and General Purposes
- Remuneration
- Search and Governance

The Board is supported on a part-time basis by a Clerk who is an experienced ex-Principal with considerable governance-related experience.

The membership of the Governing Body has been significantly strengthened over the last 18 months or so in both the Curriculum and Standards and Audit specialities.

## **Leadership and Management**

The College has experienced significant volatility in its leadership arrangements over recent years. For example, including interims, there have been:

- Five Chief Executive/Principals since 2011. There have been three Chief Executives over the last twelve months;
- Six Vice Principal (Resources) since 2011.

The current leadership team comprises nine members of staff, of which four are interims, including the Principal/CEO and the Assistant Principal, Finance & MIS. We noted that the leadership team is balancing appropriately attention to day-to-day management of the College, with developing strategies for the future.

Although the Principal/CEO is undertaking her first substantive role at that level, and notwithstanding the number of interim appointments, we consider the skills and experience of the leadership team to be appropriate for the College's needs to the point of a federation/merger.

## **The College's Financial Position**

The Group has suffered from declining turnover and poor financial health for a number of years. Turnover has fallen significantly between 2014/15 and 2016/17, and the College's financial health has been inadequate for each of the three years in question (i.e. 2014/15, 2015/16 and 2016/17). The falling turnover has been caused by reductions in learner enrolment. This has been across most types of learner, and is exemplified by a reduction from 2,972 16-18 EFA funded learners in 2014/15, to 2,180 in 2016/17.

The College required Exceptional Financial Support to meet its day-to-day cash requirements in 2015 and continues to face challenges in relation to liquidity. Deficits have been recorded in each of the last two years, and the College is forecasting a further significant deficit in the current year.

The College faces two further significant financial issues:

- It needs to make significant cost savings to achieve a break-even position. It is currently developing detailed plans to deliver savings, but achieving sufficient savings to deliver a balanced budget for 2018/19 would be very challenging;
- the College needs to make major investments in its estate, particularly at Stoke Park and Merrist Wood. The level of investment required is unaffordable, unless the College can secure significant capital receipts from land sales. Such receipts are possible, but largely depend upon securing planning permission for development.

## Quality of Provision

The College offers courses in all 15-sector subject areas leading to qualifications from pre-entry level to Higher Education.

At the end of 2016/17, there were c2,300 learners enrolled on 16 to 19 study programmes (mainly level 3), 1,540 learners enrolled on adult learning programmes on courses ranging from entry level to level 3 and around 600 apprentices following programmes in a range of sectors including land based, building and construction, information and communication technology and engineering.

At its last inspection in May 2017, the College was assessed by Ofsted as requiring improvement (RI), the same assessment as its previous inspection in June 2015. Ofsted judged that all categories required improvement with the exception of provision for students with high needs, which was judged to be Good.

The College produced an updated Post Inspection Action Plan (PIAP) following the most recent Ofsted inspection. The PIAP is a working document and is RAG rated which enables the College to record and demonstrate progress as the year progresses. It is important that the College ensure that the PIAP is rigorously monitored and is considered as a working document by all staff. It is also important that curriculum leaders ensure that the measures outlined in the PIAP are effective in bringing about quality improvement.

The College's Self-Assessment Report (SAR) for 2015/16 judged a significant number of areas as inadequate. The draft 2016/17 SAR (as at April 2017) indicated that the College believes that it has improved provision in most of the SAR sub-categories. This suggests that the College is accurately self-assessing its performance and the effectiveness of the actions for improvement put in place. Ofsted largely agreed with the judgements set out in the College SAR. The final SAR for 2016-17 is currently being developed.

So far as student outcomes are concerned, in May 2017 Ofsted observed that in 2015/16 the achievement rates of learners and apprentices at all ages declined to below national rates and were poor. They were particularly low for study programme learners. However, Ofsted also judged that the new senior leadership team had decisively intervened to halt the decline in performance and that the interventions put into place were beginning to demonstrate improvement in the progress made by most learners on 16 to 19 study programmes and adult learning programmes.

In 2016/17 student outcomes show improvement and are now at or around national benchmarks, as shown below.

## Headline figures

|               | Overall            |         |         |           |           |
|---------------|--------------------|---------|---------|-----------|-----------|
|               | Provider Full Year |         |         | Prov Grp  | National  |
|               | 2014/15            | 2015/16 | 2016/17 | 2015/16   | 2015/16   |
| Leavers       | 11,398             | 9,042   | 6,727   | 2,042,590 | 3,362,560 |
| Achievement % | 80.8 %             | 77.2 %  | 81.7 %  | 82.1 %    | 82.8 %    |

16-18, Adult provision and Apprenticeships all show improvement with significant improvement for the 16 -18 cohort.

## Conclusions

The College has faced difficulties for a number of years. Its financial position has been weak and is likely to continue to be so for the medium term as it seeks to improve enrolments (and hence increase income) and make significant cost savings. Equally, it needs to invest heavily in two of its three campuses. Quality is also a concern, with consecutive Ofsted 'requires improvement' outcomes.

The Surrey Area Review recommended that the College move towards a federation/merger. Whilst some early progress was made in relation to this recommendation, this progress has stalled. Fresh impetus is now required.

# Recommendations

It is recommended that:

1. An FE Commissioner-led Structure and Prospects Appraisal (SPA) be undertaken during the period November 2017 to February 2018 and that the College fully engages with and supports this process. It is anticipated that the result of the SPA will be to identify a merger partner for the College, with a merger to be completed by the end of calendar year 2018 at the latest.
2. The College completes the review of its 2017/18 financial forecast which is currently underway, and then examines the impact of that review on the current 2018/19 forecast. This will enable it to develop re-forecasts for the two years in question.
3. Given the importance of establishing a credible financial baseline, the College should engage its internal auditors to undertake a review of the re-forecasts when they are complete.
4. The College determines as a matter of urgency whether it needs to seek EFS in 2018, and, if so, makes an application as quickly as possible.
5. The College contacts Ofsted to seek to establish the prospect of a support and challenge visit to assess progress since the inspection in May 2017.
6. Senior leaders ensure that the PIAP addresses the areas for improvement raised by Ofsted following their visit in May 2017, and that the implementation of the plan can continue to demonstrate measurable in-year improvements.
7. Measures are taken swiftly to ensure that student attendance and punctuality improves, and that a rigorous and frequent process for student tracking is implemented effectively.
8. The College is requested to invite a representative of the ESFA to attend future Board meetings as an observer, during the period leading up to structural change.

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