

Southend-on-Sea Borough Council

Report of Deputy Chief Executive and Executive Director
(Growth & Housing)

To

Cabinet

On

3rd November 2020

Report prepared by: Ros Parker, Principal,
Southend Adult Community College

Agenda
Item No.

Future Governance of Southend Adult Community College

Place Scrutiny Committee
Cabinet Member: Councillor Anne Jones
Part 1 (Public Agenda Item)

1. Purpose of Report

The purpose of this report is to review the current governance structure of Southend Adult Community College ("the College"). This report sets out the current governance arrangements for the college, its status within the council and proposes a future direction that maximise resources for skills and community learning that will benefit local residents and support economic recovery.

2. Recommendations

That Cabinet agree:

- 2.1 To transfer from the current governance structure with a Governing Body operating under a Scheme of Delegation to a more flexible model in direct relationship with Council governance to swiftly mobilise employability skills and learning aligned to the priorities of the council for recovery and prosperity; and
- 2.2 To establish an Advisory Board (AB) to support recovery, growth, innovation and sustainable future for employability skills and learning in Southend and that the appointment of the AB be delegated to the Director of Regeneration and Growth in consultation with the Cabinet member for Children and Learning.

3. Background

- 3.1 The College is part of the Council. It provides adult education, employability skills and work based learning. The College is well placed to be a key enabler of the 18-25 agenda to provide information, advice and guidance alongside retraining, upskilling and qualifications for work. The College makes a significant contribution to 2050 outcomes to be safe and improve the mental and physical

well-being. The College provides community learning that brings local people together virtually and face to face to keep them active and engaged. The college provides apprenticeships, skills for life and work and vocational pathways for more than 2,500 adults and young people each year with progression into further learning and work. The College is valued in its community and feedback from some learners reflects that it “*provides a lifeline*” to local people.

- 3.2 The College is a service area of the Council that sits within the Growth and Housing aligned to Regeneration and Growth. However, the College also has a separate governance structure and operates within a scheme of delegation (Cabinet report of 25th February 2020, item 863 agreed an update). The governing body is predominantly made up of volunteers from the local community and includes the Cabinet member for Children and Learning, the Principal, and a staff governor. Within the last twelve months there has been significant turnover of critical roles within governor membership leaving gaps in skills, a lack of continuity and a risk of not being quorate. There are now 7 governors in place leaving 5 vacancies including the role of chair who stepped down in July 2020.
- 3.3 Most Council run adult education service areas sit within existing Council structures without a separate formally constituted governance arrangement. There is no legal requirement for the college to have a formal governing board as it is not an incorporated institution but a service area within the council. The Council is accountable for the commissioning of the Education and Skills Funding Agency contract to the college. It is also accountable for the performance of the college and any grading following an Ofsted inspection would be attributed to the council.
- 3.4 The College is funded via a contract allocated to the Council by the Education and Skills Funding Agency (ESFA). There are four core funding streams the college is required to provide which are:
- Adult skills for life and work including vocational pathways, English, math and digital skills
 - Adult community education including health and wellbeing, creative and culture, social inclusion and provision for adults with learning difficulties and/disabilities
 - Apprenticeships focussed on the needs of Southend employers and skills shortages
 - 16-19 years old provision including 19-24 special educational needs

Further there are new opportunities continually being explored. The College is currently responding to the immediate challenge of supporting 18-25 year olds to retrain, upskills and enter into sustainable careers through Kickstart (in conjunction with the Economic Growth team), traineeships and apprenticeships as the lead provider of adult skills and learning in Southend.

- 3.5 ESFA funding for the provision of adult skills and community learning in Southend amounts to c.£1.57 million annually. ESFA funding for 16-18 including higher and special educational needs is adjusted according to annual performance however, the College usually attracts c.£910,000 annually with potential for further growth. The College also generates tuition fee income, which is made up of fees payable by adults who can afford to contribute to the cost of their learning. Tuition fee income currently does not exceed £300,000 annually and other income lines from successful funding applications is c.£125,000 annually and growing. Funding for apprenticeships is c.£85,000 annually with the opportunity to grow this amount.
- 3.6 The College governance is in a fragile position with limited continuity and a confusing relationship exists between the college and other council service areas due to the current governance arrangements. This leads to inconsistencies and barriers to the College fulfilling its potential.
- 3.7 The College is due an Ofsted inspection. Agreeing a direction of travel with a strengthened governance position in relation to the Council, and which enables the College to better flex and respond to the changing economic climate while addressing the financial challenges it faces, would be considered positively in relation to the College's current position.
- 3.8 The recent 18-25s LGA Remote Peer Project reflected that the College may benefit from a governance and delivery model review alongside a financial appraisal. It also identified that the College and the Council would benefit from closer alignment to maximise resources and outcomes. It highlighted that the College is a good provider of education and valued by its learners and wider community. It set out that the College is well placed and prepared to deliver positive outcomes, learning, skills and retraining for 18-25yr olds most impacted by COVID-19
- 3.9 It is recognised that the College has the ability to grow and align its work to the commissioned priorities of the Council. The College is well positioned to focus on the skills required for local people to enter, retain and progress into employment across Southend supporting economic recovery. The College has a long track record of providing learning that improves mental health and physical wellbeing, reduces social isolation and provides a skills for those in greatest need. It is delivering, both virtually and face to face, much needed learning and skills for those that have benefited least from the education system previously, those from disadvantaged groups, the vulnerable and those facing unemployment. The College can optimise public funds through greater alignment with council priorities. Research reflects that adult learning and skills can significantly reduce strain on other Council service area budgets and often prevent future strain on limited cross service budgets
- 3.10 The introduction of an Advisory Board provides a more flexible model that can change according to need. Initially it could provide relevant support and challenge that would enable the College to stabilise its position and prepare for swift delivery of outcomes that lead to economic growth and innovation. It could help with the transition from the current governance structure enabling the college to be swiftly embedded as a service area within the council. The Council would remain responsible and accountable for the scrutiny of College

performance ensuring the right outcomes for Southend are achieved. The Council would also remain accountable for ensuring high standards are continually met by the College. The Advisory Board however, would support the College in how it delivers the Council's priorities and contributes to the achievement of the 2050 outcomes. The Advisory Board could provide guidance on future operating models that would optimise funding and deliver positive outcomes for local people

3.11 The Advisory Board would include a number of people with the right mix of skills and experience from across the following areas:

- Local business and enterprise
- High level expertise in Further Education and Adult Learning
- Finance and Funding
- Digital learning and IT infrastructure
- Marketing and communication

3.12 Members of the Advisory Board need not be limited to the Southend area as meetings would take place virtually but would need to have a passion for local community resilience, economic recovery and growth of Southend employment and skills. It is proposed that the cabinet member for children and learning would be instrumental in the selection of candidates to ensure the right level of expertise is secured. The portfolio holder would have oversight of the College in the same way as other Council service areas and key decisions would be taken through the normal Council structures

3.13 It is suggested that should the recommendation be approved a Shadow Advisory Board could be established during November/December 2020 to work alongside the existing governance structure until January 2021. The current governance structure would be reviewed and potentially disbanded at that point or soon after dependent on Advisory Board membership and outcomes from the initial phase. It is anticipated that the Advisory Board would be implemented for an initial period of twelve months when its impact could be reviewed as part of the second phase of college development and integration into the council.

4. Other Options

4.1 The Cabinet could decide to retain College governance as it is and recruit to vacant governor posts, elect a chair and continue to operate within the scheme of delegation with limited decision making powers in relation to finance. The college could continue to work at arms-length from the Council and governors would agree the strategic direction and priorities for the delivery of skills and learning across Southend. Governors would continue to approve College policy and strategy. The Council would continue to have one representative on the governing body.

4.2 While this could offer the autonomy a separate governance structure can bring it would not bring the College closer to the Council thereby unlocking the potential around skills, learning and growth in the local community. It is also a challenging climate in which to recruit governors with the poor financial position and impending Ofsted inspection. Moreover the Council would continue to be ultimately responsible for the College.

5. Reasons for Recommendations

5.1 There are a number of reasons for the recommendations which can be considered by those which mitigate some of the challenges faced by the College currently and those which help to unlock potential and improve outcome delivery for Southend. These include:

- Addressing the lack of continuity in governors following multiple resignations including the role of Chair;
- Closer monitoring of financial performance by the council with restrictions on governor decision making;
- Strengthening the relationship between the College and other Council service areas to reduce duplication and costs while improving outcome delivery;
- Improving the Council's influence over the College's delivery of skills and learning across Southend;
- Providing clarity around leadership and governance which would otherwise represent a risk at the point of Ofsted inspection;
- Enhancing opportunities to align the provision of local employability skills and learning to the Council priorities; and
- The opportunity to respond to the outcomes from the recent 18-25s Peer Challenge.

6. Corporate Implications

6.1 Contribution to the Southend 2050 Road Map

The college is a key contributor to the 2050 outcomes and has aligned all its provision to the ambitions and outcomes. Being an embedded service area of the council would enable the college to align more closely with the achievement of outcomes across all areas.

6.2 Financial Implications

The College is currently in poor financial health, being supported by cash loans from the Council and in accordance with the current scheme of delegation Financial Restrictions have been placed on the College and therefore the governing body.

The reasons for the deterioration in financial health are due to the College not achieving the Adult Skills contract value during the academic year 17/18 resulting in clawback of £110,000 and reduction in future allocations. The College also did not secure a non-levy apprenticeship contract in 17/18 resulting in a loss of income amounting to £109,000 annually but in 19/20 the college reapplied for the non-levy contract and was successful this is now starting to grow. The College saw a sharp decline in learners working towards vocational qualifications due to significant staff changes this led to a significant decrease in tuition fee income. The College's position has also suffered further losses from the Covid-19 pandemic.

Recently awareness of financial management across the organisation has improved. Although the recommendations are not based on the financial position of the College it would provide closer scrutiny of financial performance through Council structures. The Advisory Board would be able to support the college and the council to improve overall financial health and bring capacity to the growth plans.

6.3 Legal Implications

Although there are no legal requirements to have a governing body it will need consideration in disbanding the current governance structure. All agreements with third parties will need to be reviewed to align with Council procedures and practices to reduce risk.

6.4 People Implications

Remaining governors may be considered for relevant roles within the College in a voluntary or as part of the Advisory Board. There is only one staff governor who, alongside other members of staff would have greater access to staff support and working groups within the Council.

Staff are currently all employees of the council and would benefit from greater alignment with other service areas. Many staff members are already actively engaged in key council priorities such as Southend 2050 ambitions, Equality and Diversity and safeguarding.

6.5 Property Implications

All current agreements with schools, community partners and other third parties would need to be reviewed to ensure all agreements refer to the Council rather than the governing body.

6.6 Consultation

Governors have been consulted with in regards to the recommendations and believe that this is the right step for the College. They support this proposal as they can see the benefit from closer alignment to Council priorities and in particular the 6 themes for economic recovery

6.7 Equalities and Diversity Implications

Continuous assessment would be undertaken as changes are implemented to ensure the multiple areas of transition are considering impact.

6.8 Risk Assessment

The establishment of an Advisory Board is proposed to manage and mitigate current and future risk.

6.9 Value for Money

The Advisory Board would be made up of volunteers and meetings would be virtual therefore there is no cost to change. Additional expertise would provide

value for money enabling the College to optimise resources and stabilise its position.

6.10 Community Safety Implications
None identified

6.11 Environmental Impact

All meetings would take place virtually therefore reducing the impact of travel on the environment

7. Background Papers

Cabinet report of 25th February 2020 (Item 863): Scheme of Delegation Southend Adult Community College

8. Appendices

None