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4 June 2015

I am writing to inform you of the Government's view of your college's position in light of the Further Education (FE) Commissioner's recent assessment and the steps that need to be taken to secure improvement.

As you are aware, following the notification by the Skills Funding Agency that Redcar and Cleveland College had been assessed as inadequate for financial health, the FE Commissioner was asked to review the position of the college in line with the intervention policy set out in *Rigour and Responsiveness in Skills* (April 2013). The FE Commissioner completed his assessment on 8 May 2015. I have now considered the FE Commissioner's assessment, and have accepted all of his recommendations.

While the assessment recognises the college has recently taken a number of steps to turn around its performance, such as improvements to the quantity and quality of management reporting, the FE Commissioner has concluded that more needs to be done in most areas and that the college faces a number of very significant financial challenges going forward.

Taking into consideration the demographic position, competition from other local providers, performance issues and lack of detail on how the growth strategy set out in your Financial Recovery Plan will be delivered, it is the FE Commissioner's view that unless Redcar and Cleveland College is able to secure a dramatic rise in enrolment numbers in September, it is possible that the college will not be able to survive as an independent institution.

The Commissioner notes that current financial performance does not indicate that the college's growth strategy is delivering results. He suggests that there is a need to reflect on and test the planned targets for recruitment to ensure that plans are challenging but realistic. He also recommends that the College Board be refreshed to ensure it has an appropriate mix of skills to support and challenge the executive in an appropriate way.

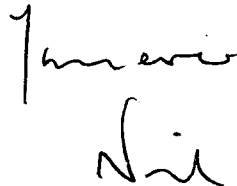
Given the severity of the challenges facing the College, I have agreed that the FE Commissioner should undertake a Structure and Prospects Appraisal (SPA) to consider whether there are better arrangements available to meet the needs of learners and employers in a more efficient and effective way. I have also agreed that he should review the progress of the college in October 2015 to assess whether it remains viable or whether other options, such as administered college status, should be adopted immediately.

The college should work with the FE Commissioner on the Structure and Prospects Appraisal. The Commissioner has recommended that until the Appraisal is completed the college should not progress certain Ofsted recommendations.

In the interim, the college should grant the Skills Funding Agency and Education Funding Agency observer status at meetings of its Board and provide both agencies with the relevant and appropriate data they require on a monthly basis. This will allow them to monitor the college going forward and address any developments that require a speedier response.

A summary of the FE Commissioner's assessment and his recommendations is attached. I would be grateful if you could respond to this letter within two weeks of the date on which it was sent. At that point both the summary and my letter to you will be published on www.gov.uk.

If you have any questions about the FE Commissioner's assessment or this letter please contact Karen Riley, SFA, karen.riley@sfa.bis.gov.uk in the first instance.

A handwritten signature in black ink, appearing to read 'Nick Boles', written in a cursive style.

NICK BOLES MP