

Written evidence submitted by Askham Bryan College (LBE0001)

Askham Bryan College ("the College")

Written follow up from the Environment, Food and Rural Affairs (EFRA) Committee – 23 March 2021

1. Preliminary issues

1.1 The College was invited to attend the:

"... evidence session on national agricultural skills, with a case study looking at agricultural skills within Cumbria. The MPs understand that Newton Rigg is closing. However, they want to discuss why the decision to close Newton Rigg was necessary and what the closure says about Governments agricultural skills policy and support."

1.2 The College attended the EFRA Committee meeting on a voluntary basis.

1.3 The College was assured by the EFRA Specialist and Clerk to the Committee that this was not an inquiry in to the closure of Newton Rigg.

1.4 Notwithstanding the above the College felt that the meeting quickly turned into an inquisition into the College's rationale around the closure of Newton Rigg.

1.5 The College requested sight of any documents to be referred to or questions to be asked prior to the Committee meeting to enable it to be able to respond as fully as possible. No documents were provided to the College in advance of the meeting.

1.6 Prior to the meeting, the College expressed concern about the ability of its current leadership to provide detailed comments about the negotiations that led to the transfer of Newton Rigg to the College in 2011. Via the Specialist and Clerk to the Committee, the College specifically requested that witnesses with direct knowledge of the transfer negotiations and with educational specialism, e.g. officers of the Education and Skills Funding Agency (ESFA) and or FE Commissioner's office be asked to attend the meeting. This request was declined.

2. General comments on the additional questions posed by the Committee – Q88

2.1 The financial challenges facing colleges have been well documented. According to the National Audit Office, funding for adult education has fallen by 35% in the last five years and by 7% for 16-to-18-year-olds. This resulted in 45% of colleges being in some form of government intervention.

2.2 It is very disappointing that a sustainable solution for the future of the Newton Rigg Campus has not been identified. However, the College is working with other providers to ensure land based provision will be sustained in Cumbria and with other organisations who have duties to secure 16-19 provision in the area. The College is acutely aware of the depth of feeling for Newton Rigg and regrets the impact on students and staff and is doing all it can to support them.

2.3 The Education Act 2011 removed central restrictions and controls placed on Further Education College corporations. The College's Corporation is responsible for the effective and efficient use of resources, the solvency of the institution and the safeguarding of the assets of the whole College.

2.4 The FE insolvency regime was introduced by the Technical and Further Education Act 2017, the Education Administration Rules 2018 and the Further Education Bodies (Insolvency) Regulations 2019. The legislation came in to force 31 January 2019 and the first college was placed in to education administration in mid-2019.

2.5 The decision to close the Newton Rigg campus was made, following a comprehensive review that showed that the Campus was no longer financially viable. In May 2020 a local provision needs analysis undertaken by the FE Commissioner's office demonstrated significant financial challenges at Newton Rigg. These challenges showed the campus

was not sustainable and this has been an issue since 1992. A further Strategic Review led by the FE Commissioner was completed in February 2021. This confirmed the lack of a sustainable alternative provider which would be able to take on the provision of education at the Newton Rigg Campus.

- 2.6 In an interview with FE Week on 26 March 2021 Departing FE Commissioner, Richard Atkins, commented on College campus closures. The Commissioner's comments recognise the difficult decisions that College leaders are forced to take when campuses become unsustainable. The relevant question and response are copied in **Schedule 1** with a link to the full article.

3. **Responses to specific questions**

3.1 **Deed of Release – Q35 and Q54**

Q30 How did Askham Bryan College (ABC) nullify the asset deed?

Q33/34 Why did ABC nullify the asset deed? Did they have the legal right to do so and whether the inclusion of the clause "including without limitation claims for negligence and fraud, whether arising before or on or after the date of this deed, in each case whether known or unknown to the Releasing Party" destroys or impairs the legal validity of the new asset deed.

- 3.2 Askham Bryan College did not have the power to nullify the asset deed.

- 3.3 As advised prior to the meeting and during the meeting, the College would refer the Committee to the ESFA for further information about any matters relating to the mechanism, process and clause wording that were used in 2011 by the then Skills Funding Agency to nullify the asset deed.

3.4 **Financial position – Q42**

Q37. ... for the four years up to 2016 the accounts show that Newton Rigg showed a £300k profit and it was always the intention to asset strip and prop up ABC.

Q42. With regard to the financial position Q42 states 'that was once you amalgamated the accounts'

Q42. Follow up governor's minute indicating deficit of £750,000 as far back as 2014

- 3.5 As stated, the College does not recognise the figures quoted and its request to the Committee for sight of the documents from which they were extracted has not been supplied to the College.
- 3.6 Since the acquisition of Newton Rigg in 2011, the College has always produced consolidated audited financial statements for the whole of Askham Bryan College. On no occasion have separate annual audited financial statements been produced for Newton Rigg. Since the College's acquisition of Newton Rigg College in 2011 it has not existed as a separate legal entity from the College.
- 3.7 In 2011 when Askham Bryan College acquired Newton Rigg, the College believes that there was universal support for the project. Nevertheless, as a matter of fact the College took on a significant liability. It managed and treated the Newton Rigg campus in the same way as its other site, but it also invested £4.4m in capital and worked hard to ensure that the student experience and outcomes were the very best they could be.
- 3.8 The detailed work that the College has undertaken over the last 18 months has demonstrated that the Campus has been operating at a significant deficit position for the entire period it has been under College ownership, i.e. the College has subsidised a significant annual operating deficit up to £7 million over the time the College has been responsible for the Newton Rigg Campus. The College has in effect been heavily

subsidising Newton Rigg putting the whole College at increasing risk of insolvency which risks impacting in excess of 5000 students.

- 3.9 The College completely refutes any accusation of asset stripping. For 10 years it has strived to make the provision of education on the Newton Rigg site sustainable. Others have tried in the past and no obvious alternative providers have been identified since the decision to close was taken.
- 3.10 **Newton Rigg Committee 21.01.15. Item 7 Executive Principal's Report**
- 3.11 The report states that in 2010/11 at the point of acquisition it was estimated that the net margin at Newton Rigg was a deficit of £3.7M. By Quarter 1 in 2014/15 despite investment and best efforts, this position remained as a deficit of £798K.
- 3.12 The paper shows in 2015/16 the trading position was forecast to be a loss of £750K in 2015/16.
- 3.13 **Demographic Change – Q73**
Q71/72/73.
- 3.14 The College challenge the numbers that have been suggested.
- 3.15 Comparing the compounded change in numbers of 16-19 year olds over a 12 year period between 2018 and 2030 is not reflective of the annual change in the 16-19 populous. A 7% change over the 12 years equates to less than a 1% change per year. This annual change is the demographic change that colleges will be recruiting students from.
- 3.16 When the change is from a relatively small base population the actual growth for all of Cumbria is small (ranging from +417 to -487 over the 12 years). This is further compounded by at least six separate providers 'competing' for these students. Any growth through demographic could be estimated through market share analysis at best to equate to 40 students. This falls a long way short of the circa 500 additional students needed immediately to make the provision at Newton Rigg viable.
- 3.17 The Cumbria Area Review, Final Report 2017 published by the Department of Education states:
"The number of young people in Cumbria is declining in the medium-term, with a projected low point below 15,000 in 2019, and then rising to 2030. The dip in numbers of young people over the period 2017 to 2020 suggests that all post-16 providers will need to make a cautious local assessment of the potential for overall growth in provision during this period."
- 3.18 The College is not clear on the exact source of the statement *"the ONS predicts a 20% rise in 16-18 year olds wanting to access further education in the decade to 2030"*. It is possible to speculate that this may be a figure related to the national picture and is not reflected in the population of 16-19 year olds in Cumbria.
- 3.19 Applications and offers are very different. It is not unusual for an individual student to apply initially for more than one programme of study and this may be at more than one college. This is often the case when they are unsure about precisely what they want to do. It is, therefore, perfectly normal for any college to have significantly more applications than actual offers made. The application to offer rate at Newton Rigg 82% (729 applications, 599 offers) is entirely comparable with other campuses of Askham Bryan College; and indeed, reflective of further education sector norms. For example, last year at our York and Middlesbrough campuses of the total applications received 79%, and 84% respectively were made offers.
- 3.20 The College has always offered individual students opportunities to study at Newton Rigg, it is very rare that an individual would not be accepted on any suitable study programme, that the College is confident that a student will be able to achieve an appropriate

qualification on. The College maximised its opportunities for recruitment in September 2020. It is incorrect to state that there were another 130 students that the College could have recruited.

- 3.21 Further Education funding of students is highly variable outside of the Core funded 16-19 students. Core funded 16-19 students have remained static at Newton Rigg over the last six years at around 550-600. Of these students, over the last five years the number of agriculture students has been between 90 and 100 students.
- 3.22 The ESFA suggest that an independent campus needs to have at least 1,000 core funded 16-19 students before it is likely to be financially viable.
- 3.23 Even with growth at the optimistic end of the ONS projections and Newton Rigg establishing the largest market share amongst the five other post 16 providers (which it is has not achieved historically) the College's assessment is that the student fee income generated via total enrolments has fallen and will fall a long way short of viability. This assessment is validated by the FE Commissioner led Local Provision Needs Analysis Report for Newton Rigg. The report stated, "*The College faces the challenge of low population density in Cumbria, relatively low future demographic growth, insufficient local demand for its specialist land-based provision to develop the necessary critical mass...*"

Askham Bryan College

April 2021

Schedule 1

Extract from interview with FE Commissioner

Q: We have reported on numerous colleges selling off campuses to balance the books in recent years, which has often been controversial with the local community and MPs. Many of the sales have been recommended in FE Commissioner reports. From your perspective, why has this become a common theme for colleges?

A: "Being on top of your costs as a college is good practice. It is right and proper that any college knows the costs of running each site and campus and what contribution the site makes to overheads. When a college finds that a particular site is a loss maker and is draining the mothership, then difficult decisions have to be taken.

At the end of the day, are you going to close the small, possibly distant, campus to sustain the large college, or are you going to allow the small one to drain you?

I regret that colleges are faced with that decision, but the reason they are is the core funding will not always enable them to sustain the number of campuses they had two or three years ago.

Good, well-run colleges regularly assess the viability of their sites and all of their provision and take the necessary steps to make sure the college is sustainable and successful for the highest number of learners possible.

We have advised a number of colleges on doing this and each situation is very difficult for the local community and MPs, but I believe they have been well handled by the college in an appropriate way.

The only thing that would make a difference would be a further significant improvement in core funding. It is the contribution level that is key, and to do that you have got to have a good average class size, a good number of learners and apprentices that you can run efficiently. When those are not evident in a site it is very difficult, and good governing bodies and management teams make sure of this year-on-year.

Clearly they shouldn't make hasty judgments, clearly they should judge these things over a period of years and not rush in and vacate. Sometimes they do have to make very difficult decisions in the face of considerable public noise and upset about what is going on, but I'm not going to sit here and say colleges should keep open unviable sites.

I have not been involved in a case where a college is closing a site in a frivolous or short-sighted way, I have seen it based on real evidence and a real desire to protect the current and future learners as far as possible. I don't underestimate the impact on students and staff. It is a last resort."

For the full interview see [FE Commissioner Richard Atkins exit interview](#)