



Education & Skills
Funding Agency

Education and Skills Funding Agency
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www.education.gov.uk/efa-enquiry-form

8 October 2018

Ms Jacqui Henderson CBE
Chair of Governors
Northumberland College
College Road
Ashington
NE63 9RG

Dear Jacqui

Financial Health Notice to Improve

This letter and its schedules constitute a Notice to Improve (NTI) in line with clauses within the Funding Agreements between the Secretary of State for Education (DfE) acting through the Education and Skills Funding Agency (ESFA) on behalf of the Crown and Northumberland College.

It sets out additional conditions of funding that Northumberland College is required to comply with in order that ESFA can continue to fund. The conditions set out in the schedule of this NTI are in addition to the conditions of funding set out in the Funding Agreements and previous correspondence.

I am issuing this NTI because Northumberland College has been assessed as having inadequate financial health by ESFA following submission and assessment of the college financial plan 2017 to 2020.

Schedule 1 attached sets out the action required under this NTI.

In line with the Department's published policy, *Rigour and Responsiveness in Skills* (April 2013) the Further Education Commissioner has recently undertaken an assessment of the capacity and capability of Northumberland College leadership and governance to implement financial recovery within an agreed timeframe. The Further Education Commissioner will continue to monitor college performance, and reserves the right to undertake a further assessment should the position of the college deteriorate.

Where a NTI has been issued, the ESFA may take it into account when determining any eligibility for growth funding and/or it may also affect your ability to be successful in tendering for other funds and other competitive tendering processes for new provision.

Monitoring

ESFA will closely monitor progress made towards meeting the additional conditions through scheduled case conferences and will work with you and wider agencies to secure the best outcome for learners, employers and the local community.

Compliance

If Northumberland College does not comply with the additional conditions within the specified time period, ESFA will pursue one or more of a range of options outlined in, or incorporated into, the funding agreements.

In all cases, the removal of the additional conditions will occur when Northumberland College receives a letter from ESFA indicating that the additional conditions have been met.

Complaints

If you consider that ESFA has acted unreasonably or not followed a proper procedure in issuing the additional conditions, you can make a complaint under the procedure for [dealing with complaints about the ESFA](#).

Publication

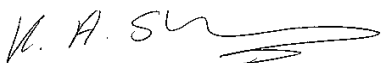
From 1 August 2017, and in accordance with the funding agreement, ESFA will be publishing all NTIs on .gov.uk

Action required

Please acknowledge receipt of this letter and the schedule below by writing to me within 5 working days of the date of this letter.

This NTI is being copied to Ofsted and the Further Education Commissioner.

Yours sincerely



Karen Sherry
Northern Territory Director
Further Education Directorate

Cc:

Ian Clinton, Chief Executive/Interim Principal, Northumberland College
Jos Parsons, Ofsted
Dean Jackson, Director of Education, Northumberland County Council
Richard Atkins, Further Education Commissioner

Schedule 1: Inadequate Financial Health Northumberland College

This schedule sets out the additional conditions relating to the improvement of financial health of the college. It has been issued because ESFA has assessed Northumberland College as having inadequate financial health following submission and assessment of the college financial plan 2017 to 2020.

Timescales

The additional conditions outlined within this schedule must be addressed swiftly.

Compliance in respect of the additional conditions will be on completion of the actions required and meeting the milestones and measures agreed by ESFA.

In addition, where it is evident that sufficient improvement is not or cannot be achieved within the timescales specified, the ESFA reserves the right to take further action open to it at any point.

Monitoring and Progress

You are required to prepare a comprehensive response, in the form of a financial recovery plan to address the identified underperformance. This will be reviewed at case conference and monitoring meetings with the ESFA Intervention Team and the Further Education Commissioner (regularity to be confirmed by ESFA).

Further Conditions

1. The college must work with ESFA, the Further Education Commissioner and his advisers to undertake actions identified in the Further Education Commissioner report dated July 2018 following assessment of the college's capability and capacity to implement financial recovery.
2. The college must work with ESFA, the Further Education Commissioner, his advisers and Sunderland College to implement the structural solution identified through the structure and prospects appraisal and ratified by the college governing body at their meeting on 6 September 2018.
3. The college should continue to undertake a regular review of potential cash flow requirements and the college is required to continue to supply ESFA with monthly management accounts for review by 25th of each month. The college will also be required to complete a monthly cash flow template and the format of this will be provided by ESFA.
4. The college should submit a financial recovery plan covering the period to December 2019 by 19 October 2018.
5. ESFA will attend governing body meetings and potentially committees in an observer status until it is satisfied that there is sufficient improvement in the financial position of the college. ESFA should also receive all board papers related to finance including those submitted to the finance committee.
6. The college must attend regular meetings with ESFA. Attendees should include, as a minimum, the principal, director of finance and chair or other appropriate governors to represent your governing body. The meetings will focus on the college's progress in

addressing their immediate financial health and progress with the structural solution. ESFA will arrange these meetings and your first point of contact is John Taylor.

7. This NTI may be revised and updated subsequent to the date of issue to reflect progress and/or any change in circumstances including, following the Further Education Commissioner's intervention and recommendations.
8. If, in ESFA's view, the college fails to take the necessary actions (in whole or part) within the timescales set out, or if evidence of progress is not appropriate or not available, the ESFA will take further action.
9. ESFA will determine when the college has made sufficient progress for the NTI to be lifted. This will be when the college's financial health grade has improved from inadequate to at least satisfactory. This will be evidenced by the college financial record indicating a financial health score of 145 points for two consecutive submissions.