



Education & Skills
Funding Agency

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

30 October 2017

Richard Wightman OBE C.Com JP
Chair of Governors
Bradford College
Great Horton Road
Bradford
West Yorkshire BD7 1AY

Dear Richard

Financial Health Notice to Improve Financial Memorandum for 2017-18

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

It sets out additional conditions of funding that Bradford 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 Financial Memorandum and Funding Agreement.

I am issuing this NTI in line with the published policy because Bradford College has requested Exceptional Financial Support.

<https://www.gov.uk/government/publications/further-education-colleges-financial-intervention-and-exceptional-support>

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

Referral to the FE Commissioner

This NTI aligns with the expectations of *Rigour and Responsiveness in Skills* (April 2013). In accordance with this policy Bradford College has been referred to the FE Commissioner for an independent assessment of the college's capability and capacity to make the required changes and improvements. Once this assessment has been undertaken by the FE Commissioner, we reserve the right to vary the terms of the NTI to reflect recommendations made. These recommendations would be included in an additional Schedule to this NTI. The FE Commissioner's office will contact you regarding the arrangements for the assessment.

Where a NTI has been issued, the ESFA may take it into account when determining any growth. This NTI 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 the scheduled case conferences and will work with you and wider agencies to secure the best outcome for learners, employers, the local community.

Compliance

If Bradford 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 financial memorandum and funding agreement.

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

Complaints

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

<https://www.gov.uk/government/organisations/education-and-skills-fundingagency/about/complaints-procedure>

Publication

From 1 August 2017, ESFA publishes all NTIs on .gov.uk

Action required

Please acknowledge receipt of this letter and the schedule below by writing to me within 10 working days of the date of this letter.

This NTI is being copied to Ofsted and the FE Commissioner.

Yours sincerely



Paul Williamson

Director, Northern England

Cc:

Andy Welsh, Chief Executive Bradford College Group

David Harwood, Principal Bradford College

Jos Parsons, Ofsted

Richard Atkins, FE Commissioner

Schedule: Inadequate Financial Health Bradford College

This schedule sets out the additional obligations relating to the improvement of the overall services. It has been issued because Bradford College has requested Exceptional Financial Support.

Timescales

The additional obligations outlined within this schedule must be addressed swiftly. Once the FE Commissioner has completed his assessment, an additional schedule will be issued to confirm any further obligations that are required and to confirm all relevant timescales. 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 an action plan to address the identified underperformance. This will be reviewed at case conference and monitoring meetings with the ESFA Intervention Team and the FE Commissioner (regularity to be confirmed by ESFA).

Further obligations

The college must work with the ESFA and the FE Commissioner and his advisers (names to be confirmed) to undertake an independent assessment of the college's capability and capacity to make the required changes and improvements. This will include supplying all necessary information to the FE Commissioner or his Advisers so the assessment can be made.

1. Where it forms part of the FE Commissioner's recommendations, the college must work with the FE Commissioner and his advisers to carry out a structure and prospects appraisal to identify options for a structural solution.
2. The college must produce an updated 3-year Financial Plan to replace that which was submitted in July 2017 and submit this to the ESFA before the end of November 2017.
3. The college must produce a financial recovery plan which should be shared with the ESFA and then approved and finalised by the college Corporation after the ESFA's comments have been received by the college. The timescale for the final plan is to be determined following the FE Commissioner's assessment, however, the college should start to prepare a draft plan as quickly as possible.

The plan must include specific, measurable, achievable, realistic and timely activities and milestones and will fully take into account the recommendations made by the FE Commissioner.

The plan should demonstrate, in the ESFA's assessment, that the proposed activities will secure the college's financial position. The plan should also include risk analysis that encompasses contingency arrangements should any proposed structural solutions fail to proceed.

The plan should detail specific, time-bound activities that the college will undertake, and should include but not be limited to:

- detailed financial planning tables, including supplementary narrative to explain assumptions in the planning
- student number projections and staff planning assumptions, and a detailed sensitivity analysis on these assumptions; for both in year savings and moving forward with a mind to any future structural solutions
- actions to implement savings you have identified, manage expenditure and maintain or increase income, including specific measurable objectives for how you will ensure financial sustainability
- governance and governor ownership and monitoring of the actions within the plan
- the management of any risks to the delivery and quality of education provision

The ESFA and the FE Commissioner will monitor progress against the plan to ensure that sufficient progress is being made and agreed milestones are being reached.

4. The college must attend regular meetings with ESFA. Attendees should include, as a minimum, the Chief Executive, Director of Finance & Corporate Services and the Chair or other appropriate Governor to represent your Corporation. The meetings will focus on the college's progression against the milestones in the plan, where the college will be expected to provide information to demonstrate proper oversight and timely implementation of the plan and if appropriate, including updates on the progression of a structural solution. ESFA will arrange these meetings and your first point of contact is Anne-Marie Edwardes.
5. The college should continue to undertake a regular review of potential cash flow requirements and is required to supply the ESFA with monthly management accounts for review by 25th of each month which include a twelve month rolling cash flow along with narrative update reports.
6. This NTI may be revised and updated subsequent to the date of issue to further clarify timescales, reflect progress and/or any change in circumstances, following the FE Commissioner's intervention and recommendations. This NTI may also be updated following the ESFA's assessment of the college's updated financial plan to be submitted in November 2017.
7. If, in the ESFA's view, the college fails to take the necessary actions (in whole or part) within the timescales to be agreed, or if evidence of progress is not appropriate or not available, the ESFA will take further action.
8. The ESFA will determine when the college has made sufficient progress for the NTI to be lifted. This will be when the college demonstrates that it has satisfied all the additional conditions of funding, The ESFA will lift the NTI and confirm this in writing.