



Education & Skills Funding Agency

Education and Skills Funding Agency

Sanctuary Buildings
Great Smith Street
London
SW1P 3BT

30 January 2018

David Sherlock
Chair of Board of Governors
Prospects College of Advanced Technology
Crompton Close
Basildon
Essex
SS14 3AY

Dear David

Financial Health Notice to Improve

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 Prospects College of Advanced Technology (PROCAT) is required to comply with in order that ESFA can continue to fund. The conditions set out in the schedule(s) 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 because PROCAT has been assessed as having inadequate financial health by ESFA following a review of the college's latest outturn figures for 2016/17 and the revised budget for 2017/18 and associated information, submitted to ESFA 5 January 2018.

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

Referral to the FE Commissioner

This NTI aligns with the Department's published policy, *Rigour and Responsiveness in Skills* (April 2013). This NTI also brings PROCAT into scope for referral to the FE Commissioner for an independent assessment of the college's capability and capacity to make the required changes and improvements within a reasonable period of time. Once this assessment has been undertaken by the FE Commissioner, we reserve the right to vary the terms of the NTI to reflect any recommendations made by him. 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, 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 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 PROCAT 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 conditions will occur when PROCAT 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-funding-agency/about/complaints-procedure>

Publication

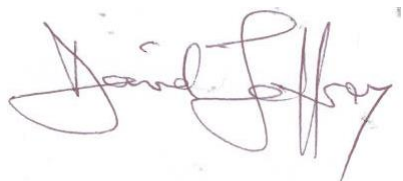
From 1 August 2017, and in accordance with the funding agreement, ESFA will be publishing all NTIs on Gov.uk

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 Notice is being copied to Ofsted and the FE Commissioner.

Yours sincerely,



David Jeffrey

Deputy Director, Intervention (London and South East), ESFA

Cc:

Judith Abbott, Chief Executive Officer

Ros Parker, Principal

Jos Parsons, Ofsted

Richard Atkins, FE Commissioner

Schedule 1: Inadequate Financial Health Prospects College of Advanced Technology

This schedule sets out the additional obligations relating to the improvement of the overall services. It has been issued because ESFA has assessed PROCAT as having inadequate financial health for the academic year 2017/18 following a review of the college's latest outturn figures for 2016/17 and the revised budget for 2017/18 and associated information submitted to ESFA 5 January 2018.

Timescales

The additional conditions 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 additional conditions that are required.

In addition, where it is evident that sufficient improvement is not or cannot be achieved within the timescales specified, 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 ESFA Intervention Team and potentially the FE Commissioner (regularity to be confirmed by ESFA).

Further conditions

1. The college must work with ESFA and the FE Commissioner and his advisers 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.
2. The college must prepare and share with ESFA a draft financial recovery plan by Monday 12 February 2018. This should then be approved and finalised by the college Corporation and sent to ESFA by Monday 12 March 2018, having taken into account comments received from ESFA.

The plan should demonstrate, in ESFA's assessment, that the proposed activity will secure the college's financial position. The plan should clearly indicate how the college intends to further generate income and make sufficient cost savings to achieve this financial recovery.

The plan should detail specific, measurable, achievable, realistic 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
 - the outcomes of exploration into further staff savings for 2017/18 and 2018/19, which should include a thorough review of curriculum areas.
 - student number and income projections by individual income streams 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.
3. The college must attend regular meetings with ESFA. Attendees should include, as a minimum, the Chief Executive, Director of Finance and 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. ESFA will arrange these meetings and your first point of contact is Lyselle.kendall@education.gov.uk
 4. The college should continue to undertake a regular review of potential cash flow requirements and the college is required to supply 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

5. 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.
6. This Notice may be revised and updated subsequent to the date of issue to reflect progress and/or any change in circumstance including, following the FE Commissioner's intervention and recommendations.
7. 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, ESFA will take further action.
8. ESFA will determine when the college has made sufficient progress for the Notice to be lifted. This will be lifted when PROCAT can demonstrate an improvement in Financial Health to at least Satisfactory as evidenced by an audited Finance Record for at least one year and at least Satisfactory Financial Health for a further one year subject to assessment by ESFA. When the college complies with the actions within the timescales set out ESFA will lift the Notice and confirm this in writing.