



Skills Funding Agency

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Mr R Eke
Chair of Governors
City of Bristol College
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8 November 2013

Dear Richard

FE Adviser Review of City of Bristol College

I wrote to Lynn Merilion on 11 September notifying her that the Minister for Skills had agreed that David Williams, an FE Adviser, should assess the position of City of Bristol College following the Skills Funding Agency's notification that the College's financial health was judged to be inadequate.

In line with the intervention process set out in *Rigour and Responsiveness in Skills* (April 2013), the FE Adviser was tasked with advising the Minister and the Chief Executives of the funding agencies on:

- a. the capacity and capability of the College's leadership and governance to deliver financial recovery within an acceptable timetable (including views on the robustness of the financial recovery plan);
- b. the capacity and capability of the College's leadership and governance to deliver both quality improvement and financial recovery;
- c. any actions that should be taken to ensure delivery of quality improvement and financial recovery (considering the suite of interventions set out in *Rigour and Responsiveness in Skills*); and
- d. how progress should be monitored and reviewed initially at 3 months, then at 6 months and 12 months, taking into account the Agency's regular monitoring arrangements and Ofsted's monitoring visits following the College's inspection in February 2013.

Findings

The College has undergone significant changes to its governing body and leadership in the last 20 months, with the appointment of a new Chair, Principal, Deputy Principal,

eight new appointments to the governing body and a restructured Senior Leadership Team, with the majority of appointments coming from outside of the College.

The refreshed governing body and new leadership team is experienced: The governing body and new leadership team has the skills and experience necessary to secure the recovery of the College.

The College has developed and is implementing a Post Inspection Action Plan: Progress against the Post Inspection Action Plan (PIAP) is monitored weekly by the Executive and monthly by small working group of Governors. Ofsted conducted a monitoring visit shortly after the FE Adviser completed his assessment. The FE Adviser was made aware of Ofsted's assessment by the HMI and this evidence is reflected in his report.

The College has developed a Financial Recovery Action Plan: The Financial Recovery Action Plan (FRAP) seeks to reduce pay and non-pay costs, and reduce sub-contracting costs, and looks to increase its income by increasing contracts with the funding agencies. The FRAP was validated by KPMG who concluded that the forecasts and FRAP are achievable. The College has responded to risks and challenges raised by KPMG.

The Skills Funding Agency has noted that the FRAP will require short or medium term financing (forecast to be £8.7m). In the first instance that financing should be sought from commercial lenders. Should the College fail to secure that finance then it should approach the Skills Funding Agency who will consider the application for advances of funding to meet cash flow shortfalls in line with its normal approval and monitoring processes.

In light of this advice, the Minister and the Chief Executives of the funding agencies have agreed that the College has the capacity and capability to deliver quality improvement and financial recovery, and has decided that it should continue to lead its own recovery.

This decision is subject to the College meeting three conditions:

1. The College must provide regular information to the funding bodies, through the Skills Funding Agency, on the implementation and impact of the PIAP showing that the actions are delivering quality improvement.
2. The College must provide regular information to the Skills Funding Agency that it is on track to return to surplus in AY 2014/15 and that all additional debt or advanced funding required to support the recovery is cleared in accordance with the agreed repayment schedule.
3. The College secures a 'requires improvement' or better overall grade at its next inspection.

The Skills Funding Agency will issue a revised Notice of Concern to confirm these conditions. In the event that the college fails to meet these conditions or further concerns arise, the funding agencies reserve the right to act in accordance with intervention policy and/or the terms and conditions of their respective funding agreements.

The Skills Funding Agency will continue to monitor and review progress through its regular case conferences. The FE Commissioner or an FE Adviser will review progress in January 2014.

I have copied this letter to the Principal, the FE Commissioner, the FE Adviser who conducted the assessment, the Chief Executives of the funding agencies, and BIS.

Yours sincerely

A handwritten signature in black ink that reads "Paul Lucken". The signature is written in a cursive style with a loop at the end of the name.

Paul Lucken
Director, Area Relationship Team