



Education & Skills  
Funding Agency

Education and Skills Funding Agency  
2 St Paul's Place  
125 Norfolk Street  
Sheffield  
South Yorkshire  
S1 2FJ

Tel: 01325 340689

[www.education.gov.uk/efa-enquiry-form](http://www.education.gov.uk/efa-enquiry-form)

07 November 2017

Mr John Williams  
Vice Chair of Governors  
Kirklees College  
Huddersfield Centre  
Waterfront Quarter  
Huddersfield  
HD1 3LD

Dear John

### **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. This updates and replaces the NTI previously issued on 28 September 2017.

It sets out additional conditions of funding that Kirklees 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 Kirklees College has been assessed as having inadequate financial health by ESFA, based on the financial plan 2016/17 to 2018/19 and the college has requested Exceptional Financial Support (EFS).

<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 Kirklees 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, 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 Kirklees 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 Kirklees 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-funding-agency/about/complaints-procedure>

### **Publication**

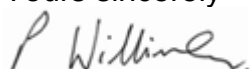
From 1 August 2017, ESFA will be publishing all NTIs on .gov.uk

### **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 FE Commissioner.

Yours sincerely



**Paul Williamson**

Director, Northern England

Cc:

Marie Gilluley, Principal

Jacqui Gedman, Chief Executive, Kirklees Council

Jos Parsons, Ofsted  
Richard Atkins, FE Commissioner

## **Schedule: Inadequate Financial Health Kirklees College**

This schedule sets out the additional obligations relating to the improvement of the overall services. It has been issued because Kirklees College has been assessed as having inadequate Financial Health and has requested Exceptional Financial Support (EFS).

### **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, 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**

1. The college must work with ESFA and the FE Commissioner and his advisers, Andrew Tyley, John Hogg and Amanda Exley, 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. 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.
3. The college must produce a financial recovery plan which should be shared with ESFA and then approved and finalised by the college Corporation after 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

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 Principal, 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 and if appropriate, including updates on the progression of a structural solution. ESFA will arrange these meetings and your first point of contact is Patricia Wellman.
5. The college should continue to undertake a regular review of potential cash flow requirements and is required to supply ESFA with monthly management accounts for review by 25<sup>th</sup> 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.
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, ESFA will take further action.
8. 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, ESFA will lift the NTI and confirm this in writing.