



Education & Skills  
Funding Agency

Education and Skills Funding Agency

The Cube  
123 Albion Street  
Leeds LS2 8ER  
[www.gov.uk/esfa](http://www.gov.uk/esfa)

10 January 2020

**Catherine Burn Interim Chair of Governors**

**RNN Group**

**cc Principal**

Dear Catherine

### **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.

It sets out additional conditions of funding that RNN Group 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 Funding Agreements.

I am issuing this NTI because RNN Group has been escalated into **Formal Intervention** by the ESFA and the Further Education Commissioner following the Diagnostic Assessment undertaken in July 2019 and the follow up visit in November 2019 which identified significant concerns with the governance of the Group.

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, *College Oversight: Support and Intervention* (April 2019). This NTI also puts RNN Group in 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. This assessment has already been undertaken, and requirements in this NTI reflect recommendations made as a result of this assessment.

This NTI aligns with the Department's published policy, *College Oversight: Support and Intervention* (April 2019).

Where an NTI is 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 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 RNN Group 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 RNN Group 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**

ESFA publishes all NTIs on gov.uk

## **Reviews**

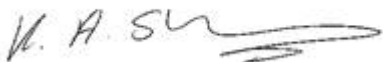
ESFA will regularly review this NTI with you. It is likely that the NTI will be re-issued, at least annually to ensure the terms and conditions remain relevant. ESFA reserves the right to reissue at any point should circumstances significantly change.

## **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, your local authority, the Mayoral Combined Authority, Office for students and the FE Commissioner.

Yours sincerely



Karen Sherry  
Deputy Director, Territorial Team (Northern), ESFA

Cc via email to:

Jason Austin, Chief Executive / Principal

Jos Parsons, Ofsted

Sally Hodges, Interim Strategic Director of Children and Young People's Services,  
Rotherham MBC

Dr Ruth Adams SCR Mayoral Combined Authority

Office for Students

FE Commissioner

## **Schedule 1: Formal Intervention. RNN Group**

This schedule sets out the additional conditions relating to the improvement of the overall services. It has been issued because RNN Group has been escalated into Formal Intervention due to the FE Commissioner's concerns with the quality and strength of governance oversight of the Group's operations identified following the Diagnostic Assessment undertaken in July 2019 and a follow up visit in November 2019

### **Timescales**

The additional conditions outlined within this schedule must be addressed swiftly. In addition, where it is evident that sufficient improvement is not or cannot be achieved within the timescales specified, the EFA reserves the right to take further action open to it at any point.

### **Monitoring and Progress**

All conditions will be reviewed at case conference and monitoring meetings with the ESFA Territorial Team and the FE Commissioner

### **Specific conditions.**

1. RNN Group should continue to work with ESFA and the FE Commissioner and his advisers as recommendations arising from an independent assessment of the Group's capability and capacity to make the required changes and improvements are progressed. The assessment report will be published shortly
2. The Group must prepare and share with ESFA an updated recovery plan which addresses the Group's weaknesses in governance, weak financial health, estates rationalisation, curriculum and quality improvement that has been approved and finalised by the Group's Corporation. The plan should be submitted to ESFA by 14 February 2020.
3. The plan should demonstrate, in ESFA's assessment, that the proposed activity will improve governance oversight, secure the Group's financial position and improve the quality of provision. The plan should clearly indicate how the Group intends to make sufficient savings in staff and non-staff costs to achieve this.
4. The plan should detail specific, measurable, achievable, realistic and timely activities and milestones which includes the implementation of short-term actions by end of February 2020 to address concerns regarding governance, including:
  - a. appointment of an interim chair;
  - b. appointment of an independent clerk;
  - c. appointment of new governors (including at least one qualified accountant); and
  - d. establishment of a formal finance committee.
5. The plan should also include steps to achieve key milestones including:
  - a. Financial Health minimum RI at 2019/20 out-turn;
  - b. Financial Health minimum Good at 2020/21 out-turn;
  - c. Implementation of both phases of staff restructuring by July 2020;
  - d. Harmonisation of staff contracts and terms across all Group by July 2020;
  - e. Reduction of staff costs to less than 70% by July 2020 and 65% by July 2021; and
  - f. Implementation of plans for campus rationalisation by July 2020.
6. The plan should include how the college will ensure compliance with bank loan covenants and strengthen the cash reserves sufficient to avoid the need to renew overdraft facilities beyond May 2020, with achievement of a minimum of 20 cash days in hand by July 2021.

7. The plan should include evidence of significant improvement in outcomes for Apprenticeships, to include a target for improvement by July 2021.
8. 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.
9. ESFA reserves the right to procure a third-party firm to undertake an Independent Business Review. The Group must co-operate in full with this process
10. ESFA reserves the right to request that the Group procures and pays for an external independent review of its financial, management and governance control environment, with a duty of care to ESFA and the scope of the work to be agreed with ESFA.
11. RNN Group must attend regular meetings with the ESFA. Attendees should include, as a minimum, the CEO/Principal, Director of Finance and the Chair or other appropriate Governor to represent your Corporation. The meetings will focus on the Group's progression against the milestones in the plan and the Group 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 Claire Hemingway.
12. RNN Group should continue to undertake a regular review of potential cash flow requirements and supply the ESFA with a monthly cashflow template – the format to be provided by ESFA.
13. ESFA will attend governing body meetings and may attend other committees as an observer until satisfied that there is sufficient governor oversight and challenge of the recovery plan and Group operations. The Group must supply in advance copies of agendas and papers for governing body meetings plus those for any other committees as requested.
14. This NTI may be revised and updated subsequent to the date of issue to reflect progress and/or any change in circumstances following the FE Commissioner's intervention and recommendations. It will be formally reviewed with you, at least annually, to ensure it remains appropriate and current.
15. If, in ESFA's view, RNN Group 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 EFA will take further action.
16. The ESFA will determine when the Group has made sufficient progress for the NTI to be lifted. This will generally be when the milestones and targets outlined in Schedule 1 have been achieved. When ESFA lifts the NTI this will be confirmed in writing.