



Education & Skills
Funding Agency

Education and Skills Funding Agency
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Cumberland Place
Nottingham
NG1 6HJ

www.gov.uk/esfa

1 July 2020

Carole Thorogood
Chair of Board of Governors
Nottingham College
Science Park
Jesse Boot Ave
Nottingham
NG7 2RU

Dear Carole

Financial Health 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 Nottingham College 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 in line with Annex A item 2b of our published policy [College Oversight: Support and Intervention \(April 2019\)](#). It is triggered by our ongoing concern over the college's serious cashflow pressures and follows discussions with Nottingham College regarding the need for cashflow support in November/December 2020 and the agreement that an independent business review (IBR) is required in order to consider the ongoing viability of the colleges finances.

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

Referral to the FE Commissioner

This NTI brings Nottingham College 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, or reissue of, this NTI. The FE Commissioner's office will contact you regarding the arrangements for the assessment.

Where a NTI is 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 Nottingham 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 funding agreements.

In all cases, the removal of the additional conditions will occur when Nottingham College 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. However currently at the time of issuing this notice, due to Covid 19 we are currently not routinely publishing.

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.

Yours sincerely



Karen Riley
Deputy Director
FE Directorate Territorial Team - Midlands and East

Copy to: John van de Laarschot, Chief Executive / Principal

Schedule 1: Cash Related Concerns Nottingham College

This NTI is issued in line with Annex A item 2b of our published policy [College Oversight: Support and Intervention \(April 2019\)](#). It is triggered by our ongoing concern over the college's serious cashflow pressures and follows discussions with Nottingham College regarding the need for cashflow support in November/December 2020 and the agreement that an independent business review (IBR) is required in order to consider the ongoing viability of the colleges finances

Timescales

The additional conditions outlined within this schedule must be addressed swiftly. Once the FE Commissioner has completed his assessment, amendments may 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, the ESFA 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 (regularity to be confirmed by ESFA).

Specific conditions

1. The college must work with 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.
2. The college must work with the ESFA to produce an IBR by September 2020.
3. The college must prepare and share with ESFA a draft financial recovery plan which should then be approved and finalised by the college Corporation after ESFA's comments have been received by the college, by no later than 31 September 2020. This plan must include the Quality Improvement plan, a fully costed curriculum plan with a transparent read across to the recovery plan and agreed college budgets and the Estates review outcome.

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 secure long term financial stability and the required quality improvements following the Ofsted inspection in January 2020.

The plan should also include risk analysis that encompasses contingency arrangements should any structural solutions fail to proceed.

The plan should detail specific, measurable, achievable, realistic and timely activities and milestones, and should cover but not be limited to:

- detailed financial planning information, including supplementary narrative to explain assumptions in the planning with sensitivity analysis and further mitigating actions.
- the outcomes of exploration into further staff savings for 2020/21 and 2021/22, which should include a thorough review of curriculum areas and their contribution
- student number projections and staff planning assumptions, and a detailed sensitivity analysis on these assumptions; for both in year savings and moving forward
- 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 including the methodology for holding the executive to account for achieving the plan outcomes and
- the management of any risks to the delivery and quality of education provision and the sustainability of the college into the long term.

It is anticipated that the majority of the above points will be material outcomes of the IBR.

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 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 clear evidence to demonstrate proper oversight and timely implementation of the plan.

ESFA will arrange these meetings and your first point of contact is Mike Firth (mike.firth@education.gov.uk).

5. The college should undertake a regular review of potential cash flow requirements and the college is required to supply ESFA with a monthly Management Information pack – by the 25th of each month. The contents of the management information pack will be agreed in advance of the 25th July return.
6. This NTI may be revised and updated subsequent to the date of issue to reflect progress and/or any change in circumstances including, 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.
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, the EFA 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's financial health grade has improved from inadequate to at least requires improvement for the period of 2022/23 as evidenced by a revised financial plan, endorsed by the governing body – 2022/23 financial record of requires improvement or better. When the college complies with the actions within the timescales set out ESFA will lift the NTI and confirm this in writing. The FE

Commissioner's recommendations may include separate completion criteria in an additional schedule to this NTI.