



Education & Skills
Funding Agency

Education and Skills Funding
Agency
2 Rivergate
Temple Quay
Bristol
BS1 6EH

28 May 2021

Paul Quigley
Chair of Corporation
Highbury College
Tudor Crescent
Portsmouth PO6 2SA

Sent via email – addressed to: paul.quigley@highbury.ac.uk

Dear Paul

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 Highbury 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 re-issuing this NTI (originally sent to the college on 12 November 2019 and revised on 13 February 2020), to reflect updated policies, processes and requirements placed on colleges in formal intervention and in Supervised College status.

It is recognised that the College has taken significant steps to address the concerns identified by the FEC Diagnostic Assessment in November 2019. However, as the College has had two consecutive years of inadequate financial health (18/19 and 19/20) it will remain in **formal intervention and Supervised Status**. The requirements are included within the attached schedule alongside the original conditions set under the NTI.

Monitoring

ESFA will continue to closely monitor progress made towards meeting these 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 Highbury 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 Highbury 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

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, Office for Students, and the FE Commissioner. Yours sincerely



Paul Lucken
Deputy Director, Intervention (South West and South), ESFA

Cc:

Penny Wycherley, Interim Principal

Jos Parsons, Ofsted

Alison Jeffery, Director of Children, Families and Education, Portsmouth City Council
Office for Students

FE Commissioner

Schedule: Formal Intervention and Supervised College Status Highbury College

This schedule sets out the additional conditions relating to the improvement of the overall services. It has been issued because the college has experienced two consecutive years of financial health inadequate and remains financially weak due to legacy issues and the impact of Covid-19.

Timescales

The additional conditions outlined within this schedule must be addressed swiftly. 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 Intervention Team, PMO and the FE Commissioner.

Specific 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 would normally be required to submit a Recovery Plan, however, as the college is in the process of a merger with Portsmouth College we will instead accept the Financial Plan for the merged entity and Financial Due Diligence report. Should the merger be unable to proceed, we will need to request a Recovery Plan. It is recognised that merger documentation has already been shared with the ESFA as the Agency has been an observer on the Shadow Board however, we would like to request that the most up to date plans and reports are submitted by Monday 7 June 2021. These documents will be reviewed by the local Territorial Team, FEC and PMO.

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

- 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.

3. The college must attend regular meetings with the ESFA and FEC. Attendees should include, as a minimum, the Principal, Chief Finance Officer 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 Caroline Pover.

4. The ESFA reserves the right to procure a third party firm to undertake an Independent Business Review and that the college co-operates in full with this process.
5. The college is required to continue to supply the ESFA with a monthly management accounts and a cashflow template in the format provided by ESFA.
6. The FEC and ESFA will determine when the college has made sufficient progress for the NTI to be lifted. When the college complies with the actions within the timescales set out by the FEC, the ESFA will lift the NTI and confirm this in writing.
7. As the college remains in Supervised College status, ESFA will attend governing body meetings until it is satisfied that there is sufficient oversight and challenge of the recovery plan or until the college achieves an improved financial assessment. In addition, the college must supply in advance copies of agendas and relevant papers including minutes of previous board meetings.
8. The College must consult the FEC and ESFA on decisions that affect the long-term future of the college. These would include, although are not limited to:
 - The appointment of senior post holders
 - Significant financial commitments in excess of a specified threshold
 - Significant asset disposals and/or developments
 - Any plans for structural change
9. The College must inform the ESFA on any items of expenditure that are valued at £20k or above and are outside of the College's current Financial Plan.
10. The College must comply with the ESFA funding agreement and funding regulations, putting in place controls, measures and checks that ensure the effective performance of college provision, programmes and sub-contracted provision.
11. 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.
12. 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 ESFA will take further action.