



Education & Skills
Funding Agency

Education and Skills Funding Agency
Agora, 4th Floor
Cumberland Place
Nottingham
NG1 6HJ

www.gov.uk/esfa

4 March 2022

David McVean
Chair of Governors
Moulton College
West Street
Moulton
Northamptonshire
NN3 7RR

Dear David

Update to 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.

On 30 September 2020 the ESFA issued an NTI to Moulton College because the college had been rated inadequate for financial health and had received an inadequate Ofsted inspection rating. In addition, this confirmed that, due to the seriousness of the concerns, the college had been placed into supervised college status.

This updated NTI is being issued because the re-inspection of Moulton College by Ofsted, 5 November 2021, resulted in a Good inspection rating. The college has therefore met one of the conditions set out in the Schedule of the Notice. Due to the improved Ofsted inspection grade, alongside the actions taken by the college to address immediate cashflow risks and to bring about improvements in financial performance, this Notice also confirms that the college has been removed from supervised college status.

This NTI sets out the remaining conditions of funding that Moulton College is still 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 Funding Agreements.

Moulton College is still classed as being in intervention. Schedule 1 attached sets out the action required under this NTI.

Monitoring

ESFA will continue to closely monitor progress made towards meeting these conditions through scheduled case conferences and will work with you and wider agencies to secure the best outcome for learners, employers and the local community.

Compliance

If Moulton 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 Moulton 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



Michael Nicol
Deputy Director
FE Directorate Territorial Team – Midlands and East

Copy to: Corrie Harris, Principal
Jos Parsons, Ofsted
Director of Children's Services, West Northamptonshire Council
Office for Students
FE Commissioner

Schedule 1: Inadequate Financial Health – Moulton College

This schedule has been issued because ESFA has assessed Moulton College as continuing to have inadequate financial health. The college financial forecasting return, submitted by the college in July 2021, graded the financial health of Moulton College as inadequate for 2020/21 and 2021/22.

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, ESFA reserves the right to take further action 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 continue to work with ESFA and the FE Commissioner and her 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 her advisers in order for the assessment to be made.
2. The college must continue to monitor progress against and update, the 5 year financial recovery plan. The plan should continue to demonstrate, in ESFA's assessment, that the proposed activity will secure the college's financial position and clearly indicate how the college intends to manage any short term financial challenges, such as cash flow and set out a long term plan for sustainability.
The plan should continue to detail specific, measurable, achievable, realistic and timely activities and milestones, and should cover but not be limited to:
 - a financial plan, that outlines the path to a break-even operating budget including steps that will be taken should any milestones be missed
 - a detailed costed curriculum plan that informs the finances at the college
 - detailed financial planning tables, including supplementary narrative to explain assumptions in the planning
 - a debt recovery plan that reduces the levels of debt to sector standards, the FE Commissioner benchmark is 40% debt to income
 - student number projections and staff planning assumptions, and a detailed sensitivity analysis on these assumptions
 - governance and governor ownership and monitoring of the actions within the plan
 -
 - a long-term strategy, including any mitigations and alternative approaches, should key milestones not be met

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 ESFA. Attendees should include, as a minimum, the Principal, Director of Finance and Chair or another appropriate Governor

to represent your Corporation. ESFA will arrange these meetings and your first point of contact is Vicky Ganley.

4. The college should continue to undertake a regular review of potential cash flow requirements. The college is required to supply ESFA with a copy of the monthly management accounts and a cashflow template, as provided by ESFA.
5. This NTI may be revised and updated after the date of issue to reflect progress and/or any change in circumstances including, FE Commissioner's recommendations. It will be formally reviewed with you, at least annually, to ensure it remains appropriate and current.
6. 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, ESFA will take further action.
7. ESFA reserves the right to procure a third-party firm to undertake an Independent Business Review, the college would be required to co-operate in full with this process.
8. ESFA will determine when the college has made sufficient progress against the conditions of funding set out in this Ntl, to consider the option of moving the college into Post Intervention Monitoring Support. This will be discussed with the college and confirmed in writing.
9. If ESFA does not move the college into Post Intervention Monitoring Support this NTI will be lifted when the ESFA determines that the college's financial position has moved to a sufficiently strong and sustainable position. This will be when the college has a financial health grade of Requires Improvement or better, confirmed by financial statements, for one year, with evidence of a significant reduction in debt levels and a detailed and deliverable plan to reduce borrowing levels to sector standards.