



Department  
for Education

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[www.gov.uk/df](http://www.gov.uk/df)

13 July 2023

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

Dear David

### **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 Moulton 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 Funding Agreements.

I am revising this NTI (first issued January 2017) following review to reflect updated policies and new processes and requirements for the submission and timing of financial data that are now in place. Moulton College is still classed as being in intervention.

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

I acknowledge the improvements that Moulton College has already made and recognise the challenges that the current economic climate presents for the sector. DfE will continue to work with Moulton College to explore a route to financial recovery using reclassification.

### **Monitoring**

DfE 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 Moulton College does not comply with the additional conditions within the specified time period, DfE 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 DfE indicating that the additional conditions have been met.

## **Complaints**

If you consider that DfE 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 DfE](#).

## **Publication**

DfE publishes all NTIs on gov.uk.

## **Reviews**

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

## **Action required**

Please acknowledge receipt of this letter and the schedule below by writing to me within five 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  
Territorial Team – Midlands and East  
Regions and Providers Directorate

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

## **Schedule: Inadequate Financial Health – Moulton College**

This schedule sets out the additional conditions relating to the improvement of the overall services. It has been issued because DfE has assessed Moulton College as having inadequate financial health.

The college financial forecasting return, submitted by the college in July 2022, graded the financial health of Moulton College as inadequate for 2021/22 and 2022/23.

### **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 DfE 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 DfE Intervention Team and the FE Commissioner (regularity to be confirmed by DfE).

### **Specific conditions**

1. The college must continue to work with DfE, ESFA and the FE Commissioner and her representatives, Meredydd David and Esme Winch, 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 representatives so the assessment can be made.
2. The college must prepare and share with DfE a financial recovery plan which has been approved and finalised by the college Corporation by no later than 31 July 2023.

The plan should demonstrate, in DfE's assessment, that the proposed activity will secure the college's financial position, as a land based college. The plan should clearly indicate how the college intends to maintain short term financial viability whilst setting out a long term plan for sustainability.

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

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 operating surpluses that enable sustained investment in capital and IT infrastructure, supporting a continued positive learner experience. This should include 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
- 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
- the arrangements for the management of any risks to the delivery and quality of education provision
- a long-term strategy, including any mitigations and alternative approaches, should key milestones not be met
- the management of any risks to the delivery and quality of education provision

DfE 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 DfE 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.
4. The college must attend regular meetings with DfE and FEC. Attendees should include, as a minimum, the Principal, Director of Finance and Chair or another 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.

DfE will arrange these meetings and your first point of contact is Vicky Ganley.

5. The college should continue to undertake a regular review of potential cash flow requirements and the college is required to supply DfE with a monthly cashflow template and a copy of management accounts.
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 DfE'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.
8. If DfE does not move the college into Post Intervention Monitoring Support this NTI will be lifted when the DfE 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.