



Department  
for Education

# **College oversight: support and intervention**

**Effective from 1 August 2024**

**April 2024**

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## Introduction

This guidance is for all institutions in the FE statutory sector. An institution in the FE statutory sector is an FE corporation, sixth-form college corporation or Designated Institution established or designated under the Further and Higher Education Act 1992. We refer to all of these within this document as colleges or institutions unless otherwise stated.

These institutions play a crucial role in supporting people to gain the skills and training needed to get good jobs, both now and in the future. Their governing bodies have duties as charity trustees to ensure good management of the operations and resources of the institutions they manage.

Government is committed to ensuring the sector is supported to achieve continuous improvement and excellent outcomes for learners, so fewer colleges should need any sort of intervention. We publish a wide range of guidance for colleges and provide support to help governors and leaders of colleges to manage risks. Where this does not happen and a trigger for intervention is met, government will intervene to protect learners and public funds.

In November 2022, the Office for National Statistics (ONS) reclassified the statutory FE sector in England into the central government sector. The classification covered college corporations and designated institutions and their subsidiaries. While those bodies remain independent organisations, reclassification has implications for the way that colleges manage their finances, and therefore for the monitoring and oversight undertaken by the Department for Education (DfE). Following reclassification, colleges are required to comply with the principles and practices set out in the HM Treasury document [Managing Public Money \(MPM\)](#), including seeking approval for a range of transactions. When we updated the oversight guidance in December 2022, we set out how reclassification affects our intervention policy. We wanted to allow a period of adjustment to new requirements before setting out further detail, and this updated version of the oversight guidance now provides that for situations where MPM breaches have been identified and there are concerns about financial management and other controls. The college financial handbook provides an overarching framework for our expectation of financial management and other controls, consistent with colleges' obligations as publicly-funded bodies.

## What is the purpose of this document?

This guidance sets out how we will work with colleges to identify, at an early stage, any financial and quality issues that might hinder their success. It also signposts the support and advice available to colleges when they need it, including from the DfE, ESFA and Further Education Commissioner (FEC).

This guidance sets out the government’s intervention approach, based on contractual arrangements and other relevant regulations and procedures. It also includes information about the FE insolvency regime and the statutory powers the Secretary of State for Education can use to intervene in colleges. Further information about the [statutory intervention](#) powers, when and how they might be used and the [FE insolvency](#) can be found on GOV.UK.

This guidance is primarily aimed at governors and the senior leadership teams of the following institutions:

- designated institutions
- further education colleges
- sixth-form colleges

This guidance does not apply to 16 to 19 academies, 16 to 19 free schools or University Technical Colleges.

This document may also be of interest to provider and representative organisations such as the Catholic Education Service, Association of Colleges, the Sixth Form Colleges Association, as well as Mayoral Combined Authorities, the Greater London Authority, the Office for Students (OfS), local authorities, designated employer representative bodies (ERBs) and employers.

It also provides information about the process a college should follow when considering changes to the structure through which provision is delivered -- for example, to better meet local needs or address issues of viability.

## **Key changes made to this document since the last published version (December 2022)**

April 2024 update, we have:

- included information about the new FE Provider Dashboard through View Your Education Data (VYED) due available from Summer 2024
- added information about what ‘administrative intervention’ means
- set out more details of the additional, alternative or escalation actions we might take if a trigger for intervention is met
- added more information about non-compliance with legal or regulatory requirements, including MPM breaches, with clearer definitions of what constitutes significant or recurring breaches
- clarified when we place a college in intervention – that means, in some cases where we have previously said we ‘will’ put a college into intervention, the process may have changed to ‘may’ or ‘normally’ and

- updated and aligned information about accountability agreements, the local needs duty and local skills improvement plans with proposals for structural change

## **Terminology**

Where this document refers to 'we', 'the Department for Education' or 'DfE' taking action, following processes, or making a decision, this should be taken to mean officials in the DfE and/or ESFA, the FEC's team, and, potentially, Ministers working together, unless stated otherwise. Where teams are referred to specifically, the expectation is that those teams will be leading on that specific aspect of work.

Use of the term 'college' in this document should be taken to mean FE and sixth-form college corporations and designated institutions, unless stated otherwise.

## **Review date**

We will keep this guidance under regular review and advise the sector of any updates.

## **The structure of this document**

Chapter 1 summarises the support available to colleges, and signposts to further information on help and support.

Chapter 2 sets out guidance on intervention.

Chapter 3 sets out guidance on moving out of intervention.

Chapter 4 sets out guidance on review of provisions and restructuring.

Chapter 5 sets out guidance on insolvency and funding.

## Chapter one – Enabling a self-supporting and improving FE sector

Government is committed to supporting colleges to govern well and to maximise the performance of your college and only intervening where we have serious concerns.

### Help and support

A range of support is available to all colleges regardless of where they are on their improvement journey.

[More information on the range of help and support](#) accessible by the sector can be found on GOV.UK.

We would encourage all colleges to take advantage of the support available and to act quickly where there are identified risks.

### Annual strategic and termly delivery conversations

DfE has a rolling cycle of Annual Strategic Conversations (ASC) that take place with all colleges. These conversations allow for a broader and more strategic dialogue with college leaders than is possible in our business-as-usual interactions and have provided us with greater clarity on the issues faced by colleges, both individually and collectively. Conversations also emphasise that support is available to all colleges and can focus on building success and outstanding practice.

These conversations will take place in addition to any other support. We use the insight from these and other conversations, including the new Termly Delivery Conversations, to help inform the packages of support we will make available to colleges.

### Provider dashboard

From summer 2024, we are also planning to make available a new FE Provider Dashboard through View Your Education Data (VYED).

The dashboard is an additional tool to enable colleges to view their performance over time against key outcomes for learners and compare performance with similar providers to support continuous improvement. The dashboard will also help to support college oversight.

The table below shows who and what the dashboard will aim to inform, alongside other existing information sources.

| Audience              | Oversight element   |
|-----------------------|---|
| Colleges              | Regular planning and reviews  |
| DfE Place-Based Teams | Annual Strategic Conversations<br>Termly delivery conversations             |
| The FEC team          | Active Support and intervention conversations                               |
| Ofsted                | Inspections, including the skills sub-judgement as part of full inspections |

The measures on the dashboard are intended as a starting point for strategic conversations about performance. Measures on the dashboard will not directly trigger intervention and will always be looked at in the context of other evidence and performance data.

Once launched, the dashboard will be in ‘private beta’ phase during academic year 2024 to 2025. DfE will add more performance data during the 2024/2025 academic year as data becomes available, and we gather feedback from colleges during this phase to inform the launch of the full dashboard on GOV.UK, which is due to take place by the end of July 2025.



## Chapter 2 – Intervention

DfE is responsible for further education, apprenticeships and wider skills policy in England. We will, as part of our regulatory function, ensure there is effective use of public funding and the delivery of the best education and training to learners. This helps realise everyone's potential – powering our economy, strengthening society, and increasing fairness.

Colleges are subject to reviews of risks by the DfE and ESFA. We will monitor and analyse the intelligence and data that we collect, provide support and, if necessary, intervene to address areas of concern.

The circumstances in which intervention action may be triggered under the administrative intervention regime are set out in the tables 14 to 16.

Where a trigger for intervention is met, we will follow the process and steps set out in this guidance.

### Roles and responsibilities

DfE regulates for the FE sector it sets requirements for the quality and conduct of providers. It is supported in this role by ESFA. ESFA (acting on behalf of the Secretary of State for Education) allocates, and is accountable for, most of the annual funding to providers of education, skills and training for young people and adults. ESFA issues grant and contractual conditions which set out compliance requirements.

Through the Skills for Jobs white paper and subsequent Funding and Accountability consultations, DfE has clarified the expected roles and responsibilities of different parties when working with colleges.

DfE's Place-Based Teams (PBTs) retain overarching responsibility for day-to-day relationships with colleges. This relationship includes quality and finance oversight, performance monitoring, support, intervention and working with local stakeholders. PBTs attend the monitoring meetings with designated ERBs as part of their role in helping providers respond to local and national skills needs. In addition, PBTs support colleges to regularly consider their estates strategy.

All colleges have a lead contact in one of the 3 PBTs (North, Central and South West, London, South East and East Anglia). The lead contact will take an active case management role, including leading termly delivery conversations, annual strategic conversations, and facilitating active support. Where a college triggers intervention the lead contact will take action in line with this guidance, their accountability agreements and any other funding agreement or contracts.

The FEC is a public appointment by the Secretary of State for Education and reports to the Minister of State (Minister for Skills, Apprenticeships and Higher Education). The FEC supported by a team of deputies and advisers, as well as working with other organisations, help the sector to deliver high quality outcomes for learners.

Where a college is placed into intervention, the PBT will initiate intervention actions and have responsibility for monitoring timely recovery. The FEC will support the recovery process for providers in intervention, including carrying out an intervention visit and making recommendations to assess the capacity and capability of the governors and senior leaders to improve performance. The FEC and their team will support the college in the development of a Single Improvement Plan providing an overarching framework to monitor improvement/recovery.

The DfE recognises the Diocesan Bishops' strategic responsibility for Catholic education across their diocese. The DfE notes that decisions about the future of a Catholic sixth form college, for example restructuring and changes to governance arrangements, require both the consent of the Diocesan Bishop and the trustees. Where intervention steps are being taken the DfE will notify the appropriate diocesan body and consider its representations and engage with the relevant diocesan body throughout the process.

Regular case conferences meetings will be convened and chaired by the PBT and may be attended by a member of the FEC team. These meetings will monitor progress against the Single Improvement Plan (SIP) actions. Where appropriate the PBT will be responsible for inviting relevant stakeholders to attend the case conferences.

## **Corporate, Assurance and Restructuring Directorate (CARD) - formerly 'FPMO'**

The purpose of the CARD is to provide expert financial and funding support to ensure ESFA funding is spent effectively and for the purposes intended by Parliament.

In respect of college financial distress, CARD may provide specialist financial advice in particular high-risk cases, supporting the DfE PBTs. CARD takes the lead for DfE when it commissions an independent business review (IBR) and will provide a financial sustainability and value for money assessment in any cases where additional funding is requested.

## **The Office for Standards in Education, Children's Services and Skills (Ofsted)**

Ofsted is a non-ministerial government department responsible for inspecting and regulating services that:

- provide education and skills training

- care for children and young people

Ofsted inspects and reports on the quality of education and training in FE colleges, sixth-form colleges and designated institutions including how well safeguarding and Prevent<sup>1</sup> obligations are met. The [further education and skills inspection handbook](#) sets out the principal areas of assessment:

- quality of education
- personal development
- behaviour and attitudes
- leadership and management

Ofsted uses a 4-point grading scale ranging from 'Outstanding' to 'Inadequate'. Inspections may include discussions with learners, employers, staff, governors, board members, councillors, trustees, subcontractors, and stakeholders, where appropriate. Inspections are carried out at varying intervals, depending on a college's past performance (newly merged colleges are inspected within 3 years of the merger).

Ofsted may also carry out monitoring visits. These are an interim type of inspection that explores one, or more than one, specific theme. The purpose of a monitoring visit is to assess progress against these themes to encourage improvement, assess risk and measure progress. Ofsted may carry out a monitoring visit of any provider at any reasonable time. For example, if it has significant cause for concern, such as safeguarding or a breakdown in leadership and management, it may carry out a monitoring visit focused on that specific issue. Ofsted's [published inspection reports](#) can be found on GOV.UK.

As set out in the Further Education and Skills handbook, there may also be enhanced inspections of colleges. Inspectors' evidence-gathering will focus on the college's contribution to meeting skills needs and its engagement with employers and other stakeholders including the designated ERB, and so will involve a number of meetings and discussions with those parties.

The Chief Inspector must report annually to Parliament on Ofsted's inspection findings. The [latest annual report](#) can be found on GOV.UK. The latest [Ofsted official statistics](#) can be viewed on GOV.UK.

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<sup>1</sup> <https://www.gov.uk/government/publications/prevent-duty-guidance/prevent-duty-guidance-for-england-and-wales-accessible>

## Administrative intervention action

**Stage 1:** Placing a college into intervention. DfE PBTs will decide whether a trigger for intervention has been met. They will consider the context and circumstances of the case and all available evidence, including college representations, before deciding on whether to place the college in intervention.

A college can be placed into intervention for the following reasons:

- financial health
- financial management and other controls
- quality – overall inadequate Ofsted
- failure to make progress on resolving an issue/s of concern

The reason for placing a college in intervention will be discussed with the college's governors and leadership team. A [Notice to Improve](#) (Ntl) will be issued setting out the additional conditions of funding that the governing body is required to comply with in order for ESFA to continue funding. This will include a requirement for governors and senior leaders to develop a detailed underlying improvement plan, the key elements of which will be captured in a single improvement plan (SIP).

The college must acknowledge receipt of the Ntl within 3 working days.

**Stage 2:** Assessment to identify steps. The FEC will undertake an assessment providing expert practitioner recommendations on the specific steps a college needs to take to improve including (where appropriate) support.

The FEC assessment visit would normally take place a few weeks after the Ntl is issued or sooner in certain circumstances for example where there are safeguarding concerns.

Following the publication of the FEC intervention report, the additional conditions of funding may be updated to take account of the FEC's recommendations and will be reviewed at least annually.

Notices to improve and a summary of the FEC assessment and recommendations will be published on GOV.UK. The college must also publish the FEC summary report on its website within 14 days of it being issued and retain it on the website until the Ntl is lifted. This provides public accountability for the college and transparency relating to the work of the FEC.

**Stage 3:** Coordinated support through a single improvement plan (SIP). The College, supported by the FEC, will draw up a SIP. This will be linked to the notice to improve and the additional conditions of funding within that, the FEC's recommendations, and the college's improvement plans to provide an overview of key improvement actions and a single reference point for monitoring progress. The FEC and PBT will work with the

college leadership to drive improvements. This might include access to our programme of active support, such as the National Leaders of Further Education and National Leaders of Governance. Progress against the SIP will be monitored through case conferences as set out earlier in this document.

Where insufficient progress is made a college may be escalated to Supervised College Status. In some cases, a structural solution, for example a merger, may be considered.

Where action has not been secured or is unlikely to secure the necessary improvement, the Secretary of State may invoke statutory intervention powers as set out in section 56A or 56E of the Further and Higher Education Act 1992 or apply to the courts for an education administration order.

**Stage 4:** Move from intervention to post intervention monitoring and support (PIMS). In consultation with the FEC, the PBT will assess the college's readiness to exit intervention and agree a post-intervention monitoring and support plan (PIMS). There may be circumstances where colleges exit intervention without the need to enter PIMS. An example might be where intervention has been invoked for an acute failure in a critical system that was subsequently rectified without detriment to students, staff, and stakeholders. Where colleges have merged and one or more of the merger partners was in intervention immediately prior to merger, we may ask governors and leaders to develop a PIMS plan.

Regular PIMS review meetings will be convened and chaired by the PBT and attended by a member of the FEC team, and where relevant CARD. These meetings will monitor progress against the PIMS actions. Where appropriate the PBT will be responsible for inviting relevant stakeholders to attend the review meetings.

## Intervention triggers

The tables below set out the 4 categories of administrative intervention and provide examples of the circumstances that could result in a college being placed in intervention. The examples are not an exhaustive list.

We have also set out the additional and/or alternative action the DfE will or may take, depending on context and circumstances of each case – see pages 16 to 17. Where a college does not comply with the additional conditions or fails to make the necessary improvements within a reasonable period, DfE will pursue one or more of a range of actions and/or options set out in Part 1 of the accountability agreement.

## 1. Financial Health

| Intervention criteria/trigger   | Circumstances and considerations that would bring a college in to scope of intervention  |
|---|--|
| 'Inadequate' assessment of financial health by DfE based on financial plans or accounts   | A post moderated grade of 'Inadequate' will always put a college in intervention.  |
| Cash-related concerns: <ul style="list-style-type: none"> <li>(a) Any new provision of emergency funding at any time</li> <li>(b) Serious cash flow pressures identified at any time</li> <li>(c) Debt recovery including slippage on re-profiling, government loan repayments and potentially a breach of bank covenant where the bank <sup>2</sup>takes action</li> </ul> | <ul style="list-style-type: none"> <li>(a) Where new emergency funding is provided, we will usually place a college in intervention.</li> <li>(b) Where serious cash flow pressures are identified, we may decide to place a college in intervention.</li> <li>(c) Where debt recovery is an issue, we may decide to place a college in intervention.</li> </ul> |

## 2. Financial Management and other controls

| Intervention criteria/trigger                     | Circumstances and considerations that would bring a college/governing body in scope of intervention  |
|---|--|
| The college's affairs are or have been mismanaged | <ul style="list-style-type: none"> <li>(a) One or more qualified audit opinions on a funding audit, qualified accounts, and/or a modified regularity report. A qualified audit will normally put a college in intervention.</li> <li>(b) Upheld investigations related to financial management and governance and/or funding audits and/or significant fraud or fraud practice. This will include, but is not limited to, related party transactions and evidence of action taken by an accounting officer and/or governors outside of a college's or departmental controls/policies. Where</li> </ul> |

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<sup>2</sup> College should note that as public sector organisations, they may only borrow from private sector sources if the transaction delivers better value for money for the Exchequer. All such borrowing requires consent as detailed in the [College Financial Handbook](#).

|  |   |
|--|---|
|  | <p>investigations are complete and upheld, we may decide to place a college in intervention.</p> <p>(c) Financial practice/action taken by an accounting officer and/or governors that is not in the best interests of: value for money; the protection of public funds; the effective delivery of service for learners; and/or which does not meet the public benefit test. Will always place a college in intervention.</p> <p>(d) Failure to submit financial accounts to ESFA within 30 days of the published deadline or beyond any extended deadline. Where an agreed extension is not met, we will normally place a college in intervention.</p>   |
| <p>Failing to adhere to a legal or regulatory requirement</p>  | <p>(a) Where a governing body has made a decision or taken action that is not compatible with their organisation's charitable purpose, for example when using funds, assets, property and/or other resources. We will review and may place the college in intervention.</p> <p>(b) Breach of the <a href="#">College Financial Handbook</a>. We will always review and may place the college in intervention where breaches are significant or reoccurring concerns.</p> <p>(c) Breach of Accountability Agreement or other grant agreements. We will always review and may place the college in intervention where there are significant concerns</p> <p>(d) Notification from Health and Safety Executive of breach of health and safety regulations. We will always review and may place the college in intervention</p> <p>(e) Appointing a trustee who has been disqualified by the Charity Commission. We will always review and would normally place the college in intervention</p> |
| <p>Subcontracting where in DfE's assessment there has been a significant/material non-compliance with <a href="#">subcontracting rules</a> as set out on GOV.UK.</p> | <p>We may decide to place the lead provider in intervention. In cases where a college does not meet a required sub-contracting standard, DfE may require the college to cease subcontracting activities until it is satisfied the standard has been reached. If there are significant concerns, a permanent cessation of subcontracting may result</p>  |

### 3. Quality

| <b>Intervention criteria/trigger</b>  | <b>Intervention considerations that may bring a college/governing body in scope of intervention</b> |
|---------------------------------------|---|
| Ofsted overall 'Inadequate' judgement | An inadequate Ofsted judgment will always result in a college being placed in intervention.         |

### 4. Failure to make progress on resolving an issue/s of concern

| <b>Intervention criteria/trigger</b>   | <b>Intervention considerations that may bring a college/governing body in scope of intervention</b>   |
|--|---|
| Where there is an identified issue or issues of concern, our expectation is that governors and leaders take the steps needed to improve, including accessing professional support and advice. Where the assessment of available information and evidence, including by the FEC concludes that college leaders have failed or are failing to make sufficient progress to address concerns, this could trigger intervention. | Where, having considered all available evidence, including FEC reviews and any representations made by a college, a college fails to demonstrate sufficient progress in resolving the identified issue(s), for example in leadership and governance, we may escalate the college to intervention. |



### **Additional or alternative actions the department may take where any of the intervention triggers is met**

When the DfE places a college in intervention and issues a Ntl, the FEC will **always** undertake an assessment of leadership and management capacity and capability. The assessment will focus on the capacity and capability of the leadership and governance to bring about improvement and what support is needed. The summary report will be published.

#### **In addition to the FEC assessment we:**

- will require the college to develop a Single Improvement Plan (SIP).
- may consider grounds for investigation.
- may commission an IBR/costed options appraisal.
- may undertake a FEC commissioned local provision review.
- may request specific/regular financial information, for example, cash flow templates, financial recovery plans and monthly management accounts.
- may consider a case for emergency funding or cashflow support.
- may undertake a financial impact assessment of the termination of an apprenticeship contractual agreement.
- may, where the college delivers 14 to 16 provision, suspend or cease the further recruitment of 14 to 16-year-olds and/or cap any growth in 14 to 16 student numbers.
- may require the college to suspend the recruitment of Learners, and/or to cap any growth in learner numbers and/or any services which are assessed by Ofsted as overall inadequate.
- may commission a FEC-led structure and prospects appraisals (SPA) to assess restructuring options.
- may put the college into Supervised College Status, including assigning a DfE observer to the governing body.
- may consider a referral to the Charity Commission in line with the published [Memorandum of Understanding](#)
- may consider use of the Secretary of State's intervention powers.
- may consider use of the FE insolvency regime.
- may take any other action set out in accountability agreement or funding agreement

## **Additional information about non-compliance with legal or regulatory requirements, including managing public money (MPM) breaches**

As a result of reclassification, the regulatory framework for colleges was expanded to take into account the requirements of HM Treasury's MPM. These requirements mean that certain transactions require government approval. The details of these transactions were set out in a DfE letter to accounting officers dated 29 November 2022. Following this, ESFA published bite-size guides to aid colleges in meeting the new requirements.

ESFA have now published a [college financial handbook](#) which provides an overarching framework for our expectation of financial management and other controls, consistent with colleges' obligations as publicly-funded bodies. Colleges must make every effort to familiarise themselves with the requirements. Colleges must comply with the [college financial handbook](#) as a condition of their accountability agreement.

College governors and leaders must seek approval in advance where this is required. Where any resource is committed, or expenditure incurred without necessary approval the department will in all cases review the matter and seek an explanation for the breach/non-compliance. We will also consider whether the colleges financial and non-financial controls are operating effectively.

A college may apply for retrospective approval. However, colleges must not assume that approval is automatic and retrospective requests are likely to result in greater levels of scrutiny before any decision is made.

Where a breach of the compliance rules is significant or recurring, we may place the college in intervention. Depending on the transaction and explanation, we may alternatively issue a reminder or warning letter.

In certain circumstances we may apply sanctions or financial penalties. The sanctions/penalties we may apply, as part of intervention or a formal warning, could, for example, include the removal of delegations associated with MPM transactions and/or an increase in spending controls or clawback of any expenditure associated with an irregular payment.

An Ntl will be published, and warning letters may be published.

The table below sets out some examples of circumstances that could constitute significant or recurring breaches and which may result in a college being placed in intervention. Information in the table is not designed to be an exhaustive list of circumstances.

|                           |  |
|---------------------------|--|
| <b>Significant breach</b> | <ul style="list-style-type: none"> <li>• where the level of unapproved expenditure is substantial and/or deemed poor value for money for taxpayers/government</li> <li>• where approval has been given by the Department to a certain financial limit for example, borrowing and this is breached, suggesting poor financial oversight and control</li> <li>• where the breach is likely to create a moral and/or legal obligations or a contingent liability and therefore expose the college to financial risk</li> <li>• where the breach demonstrates serious mismanagement that could or has resulted in service failure for example, impact on the delivery of service for learners or it calls into question or has an impact on the DfE's and/or ESFA Accounting Officer, delegations or financial resources</li> <li>• novel, contentious, repercussive. For example a repercussive transaction is a transaction that may have wider financial implications for the sector, government as a whole, or which appear to create a precedent. An example of a contentious transaction could be a college setting up a subsidiary company to provide services in a country with which the UK has no diplomatic relations.</li> </ul> |
| <b>Recurring breaches</b> | <ul style="list-style-type: none"> <li>• where a college has repeatedly failed to seek the necessary approval/made irregular transactions or payments</li> <li>• the college has submitted to the DfE multiple retrospective approval requests for the same or different requirements</li> <li>• there are multiple breaches – for example, failing to follow the college's procurement policies or Public Procurement Regulations (by buying without seeking the necessary quotes)</li> </ul>   |

## Notices to improve

DfE will issue a college with a notice to improve (Ntl) where it meets any of triggers for intervention and where DfE judges that the college should be put in intervention. Ntl's will normally be published. Compliance with the Ntl and arrangements for lifting this status will be specified in the Ntl.

The Ntl will set out clear requirements that the college is expected to meet within a specified timeline. This will be monitored as part of the SIP.

The Ntl will be reviewed, between the college and the DfE, on at least an annual basis, to ensure the conditions of funding remain appropriate and reflect progress made by the college in addressing the reasons for intervention. These may be updated with further conditions and allied SIP actions. Any updated Ntl will be published.

After a merger, we may, where we judge it appropriate, allow a period of time for the merged college to stabilise before issuing and/or publishing a Ntl. This is set out in the college [financial planning handbook](#).

Publication of NtIs takes place after it has been received by the college. Our website is normally updated monthly to add or remove NtIs.

## **FEC intervention assessments and single improvement plans**

If a college is placed into intervention, the FEC will be deployed to the college to undertake an intervention assessment. The FEC's role during an intervention assessment is to assess the capacity and capability of the governance and leadership to deliver rapid and sustainable improvement where serious weaknesses and risk of failure have been identified.

The FEC has the lead role for supporting colleges in intervention to improve. The FEC will work with the college to plan a pathway to improvement.

The FEC will consider all relevant available information about a college and will take account of stakeholder views including staff, learners, employers, local authorities, and MCAs, and designated ERBs, as well as Ofsted, DfE and ESFA. When making recommendations, the FEC will consider the full range of intervention actions available.

This might include:

- changes to governance and/or leadership
- conditions or restrictions on funding
- new or revisions to processes, structures, curriculum, quality improvement plans, and financial recovery plans, including capital investment projects
- further activity to determine the most appropriate way forward that would better support the delivery of skills that local learners need to secure employment – this could include restructuring
- placing the college into supervised college status

Recommendations are discussed with the college, after which the FEC will prepare a report setting out their findings, conclusions, and recommendations. Colleges will be given the opportunity to fact-check the report before it is finalised. Where relevant, individuals no longer at the college, will have the opportunity to review the report before it is finalised and published.

The minister responsible will consider the FEC's report and recommendations and will write to the college chair. Completing these recommendations will be a condition of funding. The minister's letter and the FEC's summary report will be published on GOV.UK. The college will be required to publish the FEC summary report on its website.

This provides public accountability for the college and transparency relating to the work of the FEC and recommendations for improvement.

The college governors and leadership team must work with the FEC's team and the PBTs to develop a Single Improvement Plan (SIP) in response to the recommendations. The SIP must set out the priorities and actions needed to drive change required to address the areas for improvement identified in the Ofsted inspection report, FEC recommendations and Ntl. The SIP will not be published.

The FEC will provide guidance and support throughout this process and will meet regularly with college governors and leaders to monitor progress against the SIP. These meetings will be chaired by the PBTs and may include ESFA Finance and Provider Market Oversight team, and other strategic partners.

Formal stocktake assessments will also take place, led by the FEC. These stocktake assessments may lead to advice on further action needed to secure continued improvement.

A college in intervention can be put into 'supervised college status' where a PBT considers it appropriate, including where the level of risk escalates. This could for example be where an additional intervention threshold is breached, where significant milestones set out in the SIP are not achieved for example at re-inspection, or where a PBT considers insufficient improvements are being made to address areas of weakness.

'Supervised college status' involves enhanced monitoring and review by the PBTs and FEC. It usually entails DfE observers attending college board meetings and colleges consulting/informing the PBT and FEC on decisions that affect the long-term future of the college. These could include, although are not limited to:

- the appointment of senior staff
- significant financial commitments in excess of a specified threshold
- significant asset disposals and/or developments
- any plans for structural change

If the DfE or ESFA has concerns about compliance by a college's governing body with charity law obligations, DfE will consider whether to refer the case to the Charity Commission, in line with the published [Memorandum of Understanding](#) between DfE and the Charity Commission.

## **Secretary of State statutory intervention powers**

The Secretary of State's intervention powers are set out in sections 56A and 56E of the Further and Higher Education Act 1992. These powers were amended by the Skills and Post-16 Education Act 2022.

The Secretary of State may exercise statutory intervention powers if satisfied that any of the following circumstances are met:

- the institution's affairs have been or are being mismanaged by the governing body
- the governing body have failed to discharge any duty imposed on them by or for the purposes of any Act
- the governing body have acted or are proposing to act unreasonably with respect to the exercise of any power conferred or the performance of any duty imposed by or under any Act
- the institution is performing significantly less well than it might in all the circumstances reasonably be expected to perform, or is failing or likely to fail to give an acceptable standard of education or training
- where the education or training provided by the institution did not, or does not, adequately meet local needs

Where one or more of the above circumstances apply, the Secretary of State can remove and appoint members of the governing body (if there are vacancies). The Secretary of State can also give directions to the governing body, as she or he considers expedient, relating to the exercise of its powers and performance of its duties. Such directions may include requiring the governing body to make collaboration arrangements (as defined in section 166 of the Education and Inspections Act 2006), or to make a resolution to dissolve itself. The Secretary of State may also direct the transfer of property, rights, and liabilities (structural change such as a merger) where this is necessary to secure improvement.

If improvement has not been possible through other means, the Secretary of State may consider whether it is appropriate to use their statutory intervention powers to secure change. Use of statutory intervention powers may be considered, for example where the governing body has failed to address/take action recommended by the FEC following an intervention assessment or following a recommendation from a regulatory body, and where the relevant circumstances, as set out in the legislation, are met.

[Further guidance](#) on the powers, including the circumstances in which they may be exercised, and the processes that would be followed if their use was being considered, can be found on GOV.UK.

The Further and Higher Education Act 1992 can be found via [Further and Higher Education Act 1992 \(legislation.gov.uk\)](#)

## Chapter 3 – Moving out of intervention

### Post-intervention monitoring and support (PIMS)

We do not want colleges to remain in intervention for longer than is necessary and will exercise discretion in determining when a college has met the additional conditions of funding set out in a Ntl. PBTs, in consultation with the FEC, will assess the college's readiness to move out of intervention. When a college exits intervention, PBTs and FEC will normally agree a PIMS plan. The plan will need to set out a detailed range of actions, targets and milestones for the college to achieve, to demonstrate sustained improvement. We will use our resources to put in place a range of activities and support measures, drawing on experts within DfE and the FEC's team, as well as external advisers.

Regular PIMS review meetings will be convened and chaired by the PBT and attended by a member of the FEC team, and where relevant CARD. These meetings will monitor progress against the PIMS actions. Where appropriate the PBT will be responsible for inviting relevant stakeholders to attend the review meetings.

Where colleges have merged and one or more of the merger partners was in intervention immediately prior to merger, we may ask governors and leaders of the merged organisation to develop a PIMS plan, including appropriate help and support while the college goes through and embeds change.

### Leaving PIMS

Post-intervention monitoring and support is designed to be short-term (usually about 12 months). The PBT will be clear with college leaders from the start what level of compliance will be required for an exit from PIMS.

The PBTs, FEC, and CARD will judge whether the college has delivered all agreed actions or made sufficient progress with the PIMS plan to be removed from post intervention monitoring and support. Where there are outstanding actions or milestones, college leaders would need to demonstrate that these do not present risks that cannot be mitigated. Where progress is insufficient and there are ongoing concerns, this may result in a college coming back into scope of intervention for failure to make progress on resolving an issue of concern.

DfE PBTs will write to the college to confirm exit from PIMS. Ongoing monitoring and support will continue as with all colleges, to ensure swift identification of any new risks.

## Active support - help and support from the FEC

Active support, a collective term for support and help from the FEC and others, is available to all colleges that are not in intervention. This includes those colleges in PIMS. The support is flexible and has been designed to meet the needs of the FE college sector, based on feedback. We continue to develop new types of support where there is an identified need.

All support and help from the FEC, DfE and partner organisations is fully funded by DfE and free of charge to colleges, although it is acknowledged that a college would need to commit time and resources to the programme of support.

A college in PIMS could be mandated to participate in active support as part of its funding conditions. Further information on the full range of help and support for colleges, and, in particular, active support, can be found on our [help and support for colleges](#) web page. This includes detailed information of what is offered and how a college can request it.



## Chapter 4 – Review of provision and restructuring

### Colleges considering structural changes

Better alignment between FE provision and the skills learners need to secure suitable employment is a key objective underpinning the reform of FE, as set out in the [Skills for jobs white paper](#).

It is essential that any structural change is underpinned by evidence, such as the Local Skills improvement Plan (LSIP), and the information used to develop that plan, data and information available from the Unit for Future Skills. Change should be driven by a sound costed curriculum plan and estates strategy that meet the needs of learners in the local area and with evidence and rationale usually clearly set out in the college's accountability agreement statement (Part 2).

Where a college identifies the need for structural change, there are a number of potential options to pursue. In most cases the need for change will be driven by issues of viability and therefore the structural change will need to realise greater efficiency and cost reductions, which could be achieved through estates, curriculum, staffing and operations rationalisation. This could be achieved through several routes including:

- a restructure of the existing institution
- a merger with another institution (which may necessitate dissolution of the corporation conducting the existing institution or the designated institution)
- disaggregation of the existing institution, which could result in a smaller core institution

### Accountability agreements, the local needs duty and local skills improvement plans (LSIPs)

The annual Accountability Agreements, Local Needs Duty and Local Skills Improvement Plans (LSIPs) all form part of the wider set of reforms set out in the skills for jobs white paper to transform the skills system, to better support young people and adults to develop the skills they need to get a good job and ensures a clearer focus on the delivery of outcomes.

The Local Needs Duty is set out in Section 52B of the Further and Higher Education Act 1992, as amended by the Skills and Post 16 Education Act 2022. It places a duty on governing bodies of general further education colleges, sixth-form colleges, and designated institutions to regularly review how well the education or training that they provide meets local needs, and to consider what action they could take to meet those needs better (in light of the review).

The [Accountability Agreements and Local Needs Duty guidance](#) can be found on GOV.UK.

This Local Needs Duty is in addition to the duties set out in the Skills and Post-16 Education Act 2022 in relation to LSIPs which are to co-operate with the designated employer representative body (ERB) in the development and review of a LSIP, have regard to the LSIP when making decisions on post-16 technical education or training provision, and have regard to [guidance issued by the Secretary of State in connection with LSIPs](#).

Governing bodies should engage at an early stage with their DfE PBTs contact, and the FEC if any of the agreed actions following on from the review could lead to structural changes. The FEC's team will be able to provide advice and guidance on how to approach the options assessment and provide support where appropriate.

## **Structural changes - when to seek advice**

The issues that colleges experience are varied, and therefore the type of options and support required will also vary. The earlier that potential issues are identified, the more scope there is for structural change to deliver long-term sustainability. The longer it takes to identify issues of underperformance and/or viability, the fewer options there will be and the more likely it is that the college will lose control of determining its own future. Regardless of whether the issue is temporary or there are underlying concerns it is important that there is a robust assessment of options before agreeing an approach.

Where structural change is proposed, colleges should seek advice at the earliest opportunity and consult their DfE PBTs contact and the FEC on potential options. Colleges should also ensure that suitable independent professional advice is received on all major decisions. This could include financial due diligence, turnaround advice (including strategic or operational), business change support (such as HR or systems), estates advice (including in respect of ongoing maintenance, efficiency and suitability of existing space, development and sale potential, and large capital projects) and legal advice. DfE can support colleges in identifying relevant advisers, as well as advise on scope and lessons learned by other colleges in similar positions.

## **Independent business reviews (IBRs)**

IBRs are intended to clarify a college's financial position and to provide a robust and independent assessment of the options for its future. They are a tool for colleges and their lenders and funders to help make informed decisions, including whether structural change is necessary.

There are different ways for an IBR to be commissioned. Sometimes colleges will commission their own IBRs, and the department would encourage them to consider

doing so as early as possible if they have concerns. Lenders may commission an IBR where they have concerns about future viability, and where there may be a risk that the college will become insolvent, though an IBR does not necessarily lead to insolvency. Where DfE has concerns about future viability, it may commission, and choose to fund, an IBR.

In cases of serious financial failure, where a college is unable to continue to finance its operations, we would expect an IBR to be commissioned, except where the circumstances mean that another approach would be more appropriate. DfE would consider commissioning and funding the IBR if appropriate.

Other circumstances in which we would expect an IBR to be commissioned include where:

- the college identifies risk to its financial viability or sustainability
- a lender requests or requires a college to undertake an IBR – this is at the discretion of the lender but may be required in the case of a covenant breach
- a college is unable to continue to finance its day-to-day operations
- a college creditor has made an application through the courts for a college to be put into administration (which would trigger the 14-day decision period)
- a college is identified by the ESFA forecast model as likely to be financially inadequate in the next academic year
- the DfE or ESFA specialist restructuring team commission an IBR in line with the terms of the college accountability agreement
- the FEC recommends an IBR as part of help and support, intervention visit, or local provision review

Where colleges fund the costs of an IBR themselves, they should discuss and agree the scope of the IBR with DfE and ESFA and must ensure that any IBR provider has a duty of care to DfE. If a college identifies the need for an IBR but is unable to meet the costs, it should contact its DfE PBTs contact about potential support.

Using an IBR to provide an independent assessment of the college position and options has significant benefits for college governing bodies and leadership teams, as well as for DfE and lenders: it provides an objective view which can be used as a common basis for decision-making. The earlier an IBR is undertaken; the more options are likely to be available to the college to resolve any issues identified.

The scope of an IBR is determined on a case-by-case basis by those commissioning the review. Typically, IBRs require an agreed baseline of information (financial, sector and commercial) to facilitate effective decision-making.

IBRs are usually conducted by an accountant specialising in financial reviews and restructuring who may be a licensed insolvency practitioner (IP). The IP or accountant will spend time in the college, assessing its financial and strategic future and addressing

the matters set out in the IBR engagement contract. This will typically involve discussions with wider stakeholders, potentially including the designated ERBs, MCAs, local authorities, the relevant Regional Department for Education Director, higher education institutions and neighbouring colleges that could be considered for merger or might otherwise be affected by changes, such as receiving transferred students in the event of an insolvent college closing.

The length of time to complete an IBR will depend on the scope and complexity of the individual case and the quality of the information available in the college. Generally, it is expected that a full IBR will take between one and 3 months. Where a college is well managed and has high quality management information about its performance (for example, contribution analysis by curriculum area, funding type and site), it will be much easier to pull together the information needed for an IBR.

IBR reports are private documents which will not be published, as they are commercially sensitive and are undertaken confidentially.

## **Post IBR decisions**

An IBR would usually contain an assessment of options and recommendations. In considering and implementing the recommendations of an IBR, the college is expected to take into account value for money. The college or other stakeholders may also have identified options through other routes, including any support or intervention activity that may have already been undertaken with the particular college, including from the FEC. The decision as to which option(s) to pursue sits with the governing body of the college (unless the college is insolvent, in which case these decisions would be taken by the administrator) and is likely to require the support of any funders and creditors to deliver.

## **Structure and prospects appraisal (SPA)**

A SPA is a structured way of assessing options to change a college's structure and/or provision in a clear, objective and evidence-based way. There are broadly 2 scenarios that would give rise to the need to undertake a SPA.

## **When a college is considering or pursuing a structural change**

Colleges are independent and it is the responsibility of their governing bodies to consider the case for structural change. If colleges are considering structural change or a review concludes that this is needed, a SPA is strongly encouraged. This will help to ensure a college takes an objective and evidence-based approach that will enable the institution to best meet the needs of learners in the local area.

Colleges considering a structural change can undertake their own SPA but are also able to request an FEC-led SPA. The FEC's team can help colleges assess their restructuring options and provide support and advice throughout the process.

Through an FEC-led SPA, colleges can expect:

a set of FEC-backed, objective and impartial recommendations for the future structure and provision of the organisation, based on thorough analysis of available information  
expert support to assess potential options and advice, support and leadership to run a productive SPA, including running a fair and transparent process to find an appropriate merger partner if a merger option is decided upon

Colleges that would like to request a SPA or discuss whether it would be helpful to them should contact [FEC.OPERATIONS@education.gov.uk](mailto:FEC.OPERATIONS@education.gov.uk).

## **When a structural change has emerged as a potential solution as part of the intervention process**

There are several types of interventions that a college may be subject to that could potentially identify a structural change as a solution to the college's challenges. If such a solution is to be pursued, the FEC will lead a SPA to ensure all options are explored objectively and impartially. In the case of an FEC-led SPA resulting from an intervention, a summary report will be published on GOV.UK.

Further information about [how FEC-led SPAs work](#) is available on GOV.UK.

## **FEC local provision reviews**

Whilst SPAs are focused on a single institution and finding the best solution for the continuity of its provision, FEC local provision reviews can assess options for changing the provision or structure of multiple institutions. (We will review the scope and use of local provision reviews in light of the new duty to review provision under new s.52B Further and Higher Education Act 1992, and the new statutory intervention powers under s.56A/56E FHEA 1992, as provided for under the Skills and Post-16 Education Act 2022.)

FEC local provision reviews:

- consider the overall provision for learners in an area
- can include multiple relevant institutions
- can consider whether government needs to create new capacity
- are developed in response to gaps in provision or potential insolvency

FEC local provision reviews are a flexible intervention that can make recommendations on the best way of achieving long-term sustainable provision, looking at post-16

provision in the area to examine structural solutions for securing a long-term viable and good quality education and training offer.

DfE will determine whether an FEC local provision review is appropriate. The need for such a review may arise from a number of challenges that affect a college and/or FE provision in a local area, such as:

- weakness or failure of existing providers (including risk of insolvency)
- increased competition
- declining learner recruitment
- inadequate quality
- significant financial challenges
- changes in local demographics and/or local skills needs

DfE will determine the scope and approach of each review on a case-by-case basis – with input from any prospective administrator – and then write to local MPs, stakeholders and the colleges concerned setting out the terms of reference, which are likely to include details such as:

- broad objectives of the review
- particular areas of a college's structure, delivery model and curriculum offer and/or FE provision in the local area in question
- start date and approximate date of completion of the review
- outcomes/potential solutions that will be explored
- relationship of the review to any other support or intervention activity being undertaken in the case/area in question

The terms of reference will be published.

Although each FEC local provision review will be bespoke, to address the circumstances of the case, it is likely to involve examining options for delivering quality provision in that area. The review will draw on the analysis of the current situation, including the LSIP and likely future sustainability of the colleges in the area. It is likely to be accompanied by an IBR. It will also look at evidence beyond the colleges involved, which could include:

- information covering local demography, employment patterns, LEP priorities, local authority priorities, and the nature of the current local education market
- engagement with stakeholders such as:
  - the designated ERBs
  - local authorities or MCAs
  - the relevant Regional Department for Education Director<sup>3</sup>

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<sup>3</sup> [Regional Department for Education directors](#)

- schools
- local MPs and
- learners

The review will result in a report that identifies and appraises from an education perspective the alternative solutions for FE provision in the area. Potential solutions could include:

- disaggregation: in which part of the college becomes a separate entity
- merger
- estate rationalisation: which could include making better use of and/or selling off under-utilised facilities
- solvent or insolvent closure of a college: with transfer of some or all assets, liabilities and provision to another organisation
- provides an outline financial assessment of the options
- recommends the option the FEC considers best, taking into account feasibility, impact on quality of provision, cost, and the needs of local learners and the local education market. In coming to a recommendation, the FEC will consider questions such as:
  - how will the area's educational needs be met?
  - how will the area's economic and business skills needs be met?
  - how will the quality of provision for current and future learners be sustained and improved?

## Chapter 5 - Insolvency and funding

### Emergency funding

We may decide to provide emergency funding where a college is otherwise likely to run out of money. The maximum time for which this funding would be provided would be the period it takes to make a decision on the future of the college, and the funding provided would be the minimum to keep the college solvent during that period. However, this decision would be made on a case-by-case basis. As an alternative, the Secretary of State may immediately, or at any later time, apply for an education administration, if it is judged that this is the most cost-effective way of minimising the disruption to existing learners.

If DfE is providing emergency funding, the review of the options for that college and local provision will be subject to a highly compressed timeline, with much more limited input from the college leadership as to the option to be taken forward.

The process of an options review would be determined case by case, depending on what intervention actions have already occurred, but will normally include external, independent financial advice.

A request for emergency funding to continue the running of the college will normally result in a college being put into intervention (and the issuing of a Ntl).

### Funding to support long-term changes as a result of intervention

We may provide funding to support the restructuring of a college or changes to a college's provision or operations, either inside or outside an education administration. We will consider on a case-by-case basis what action and investment minimises the disruption to existing learners, secures the provision the area needs and provides best value for the taxpayer. This funding is provided in exceptional circumstances and at the DfE's discretion.

### The FE insolvency regime

The FE insolvency regime was introduced through the Technical and Further Education Act 2017 (TFEA 2017), the Further Education Bodies (Insolvency) Regulations 2019, and the Education Administration Rules 2018 and amended in Skills and Post-16 Education Act 2022. The relevant legislation came into force on 31 January 2019.

Existing insolvency law already applied to companies, designated institutions and to private companies that delivered FE. The legislation modified and applied aspects of



insolvency law to FE and sixth-form college corporations (statutory corporations) and introduced a special administration regime (called Education Administration) for both companies conducting designated institutions and FE and sixth-form college corporations in England, and companies conducting designated institutions and FE corporations in Wales (together defined in the TFEA 2017 as ‘further education bodies’).

DfE has published specific guidance that provides more information on the [insolvency regime for FE bodies](#), aimed particularly at governors.. Although instances of insolvency may be rare, college governors and executives should familiarise themselves with this guidance and seek appropriate advice as necessary.

## Insolvency procedures

As set out in section 6 of the TFEA 2017, the FE insolvency regime applies the following existing insolvency procedures to FE and sixth-form college corporations in England and FE corporations in Wales:

- voluntary arrangements (including a Company Voluntary Arrangement (CVA))
- administration
- creditors’ voluntary winding up
- winding up by the court
- fixed charge receivership

The conduct of these existing procedures is governed by the provisions of the Insolvency Act 1986 (IA 1986) as applied by TFEA 2017 and modified by the Further Education Bodies (Insolvency) Regulations 2019 to apply effectively to FE college or sixth-form college corporations. Provisions in existing insolvency law that require actions or decisions by company members, directors, contributories, or shareholders, are either not applied or have been modified to apply appropriately to the equivalent members of an FE or sixth-form college corporation.

These insolvency procedures already apply to companies that conduct institutions designated under the Further and Higher Education Act 1992 (‘designated institutions’) and to private companies that deliver FE.

The FE insolvency regime introduced an insolvency procedure called Education Administration, which is a special administration regime (see above).

Section 39 of the TFEA 2017 also amended the Company Directors Disqualification Act 1986 (CDDA 1986) to apply the Act to FE bodies that are statutory corporations, meaning that in some circumstances governors can be disqualified if their conduct in managing the college prior to the insolvency has been unfit. This can apply to any type of governor found responsible for wrongdoing and can also apply to other individuals, including those who acted as a governor although not formally appointed as one. This

could include members of the executive management team of an FE body. Further information about disqualification is provided in the [insolvency guidance](#) for FE bodies.

Each special administration regime has a special objective that is appropriate to the supplied service that is to be protected.

The special objective of Education Administration (detailed in section 16 of the TFEA 2017) is to:

- avoid or minimise disruption to the studies of the existing students of the FE body as a whole
- ensure that it becomes unnecessary for the body to remain in education administration for that purpose

An Education Administration commences as a result of a court order on an application by the Secretary of State. The court may make an education administration order only if it is satisfied that the FE body is unable to pay its debts or is likely to become unable to pay its debts. The education administrator (an IP appointed for the purpose of an education administration) may achieve the special objective through means including:

- rescuing the FE body as a going concern
- transferring some or all of its undertaking to another body
- keeping it going until existing students have completed their studies
- making arrangements for existing students to complete their studies at another institution

An existing student is defined in the TFEA 2017 as a student at the institution in question, or who has accepted a place on a course at the institution, when the education administration order is made.

The TFEA 2017 also sets out that the education administrator must, in pursuing the objective of the education administration, consider the needs of existing students who have special educational needs.

If a college or creditor initiates insolvency proceedings, notice of those proceedings should be sent by email to [Restructuring.FACILITY@education.gov.uk](mailto:Restructuring.FACILITY@education.gov.uk) or by post to:

Secretary of State for Education  
Department for Education  
Sanctuary Buildings  
Great Smith Street  
London  
SW1P 3BT

## The role of the education administrator

The general functions of the education administrator are detailed in section 24 of the TFEA 2017. Primarily their function is to achieve the special objective of an education administration and seek the best outcome for creditors as a whole, as far as consistent with the special objective. Often, the IBR will have generated a delivery plan, which the education administrator will aim to put in to effect if it is appropriate to the education administration in question.

The education administrator is a licensed IP with expertise in dealing with insolvency proceedings in a variety of sectors. They are appointed by and answerable to the court. They would not be obliged to consult any one specific person, other than employee representatives if redundancies are expected. However, they are likely to liaise with the FEC and others who have already been involved in discussions with the board and senior staff at an insolvent college. Decisions concerning timings and subject of consultations will be at the discretion of the education administrator.

## Reducing the risk of insolvency

As mentioned throughout this document, our aim is to lower the risk of a college entering insolvency through early identification of issues and taking appropriate action early to enable a turnaround where possible. As soon as signs of financial difficulty emerge, either as an immediate issue or anticipated risk, the college should liaise with DfE as appropriate. Where the college has commercial borrowing, it should also liaise with its banks. This will assist in identifying appropriate support and intervention available from DfE, ESFA and the FEC team.

Governors have duties as charity trustees to ensure good financial management of colleges. Those duties are all the more important in the event that a college encounters financial difficulty that could result in insolvency. There is a detailed list of governors' duties in the ['further education corporations and sixth-form college corporations: governance guide'](#).

Colleges should not rely solely on ESFA's financial health assessment or other review ratings to give an indication of solvency, which may either not fully reflect the college's true financial position or may not be up to date.

# Annex A

## Useful links

[Automatic disqualification rules for charity trustees and charity senior positions - GOV.UK \(www.gov.uk\)](#)

[College financial handbook - Guidance - GOV.UK \(www.gov.uk\)](#)

[College financial planning handbook and CFFR – GOV.UK \(www.gov.uk\)](#)

[Colleges and higher education institutions notices to improve](#)

[ESFA college and local authority accountability agreements - GOV.UK \(www.gov.uk\)](#)

[Financial planning handbook](#)

[Find an Ofsted inspection report](#)

[Funding higher risk organisations and subcontractors policy - GOV.UK \(www.gov.uk\)](#)

[Further and Higher Education Act 1992 \(legislation.gov.uk\)](#)

[Further education and skills inspection handbook](#)

[Further Education Insolvency guidance](#)

[Further education corporations and sixth-form college corporations: governance guide](#)

[Help and support for colleges](#)

[Local skills improvement plans - GOV.UK \(www.gov.uk\)](#)

[Memorandum of Understanding \(between the Charity Commission and the Department for Education\)](#)

[Subcontracting funding rules for post-16 education and training - GOV.UK \(www.gov.uk\)](#)

[Statutory intervention powers for the FE sector - GOV.UK \(www.gov.uk\)](#)



Department  
for Education

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