



Department  
for Education

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[Department for Education - GOV.UK](https://www.gov.uk)  
([www.gov.uk](https://www.gov.uk))

16<sup>th</sup> October 2024

Ian Marron  
Chair of Governors  
The SMB Group  
Stephenson Campus  
Thornborough Road  
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LE67 3TN  
Email: [imarron@smbgroup.ac.uk](mailto:imarron@smbgroup.ac.uk)

Dear Ian,

### **Financial Notice to Improve**

This letter and its schedules constitute a Notice to Improve (Ntl) in line with clauses within the [Accountability agreement 2024 to 2025 \(colleges\)](https://publishing.service.gov.uk) ([publishing.service.gov.uk](https://publishing.service.gov.uk)) 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 in the attached schedule additional conditions of funding that The SMB Group is required to comply with in order that ESFA can continue to fund the college group. The conditions set out in the Schedule of this Ntl are in addition to the conditions of funding set out in the Funding Agreements.

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

Following a review I am revising this Ntl (first issued 27<sup>th</sup> July 2023) to reflect updated policies, new processes and requirements for the submission and timing of financial data now in place with the college group. The SMB Group remains in intervention and in Supervised College status. The requirements of this status are included within the Schedule.

### **Structure and Prospects Appraisal (SPA)**

Following an assessment by the Further Education Commissioner (FEC), it was recommended that the college held a Structure and Prospects Appraisal. This was carried out during the summer term of 2024 and resulted in a potential merger partner.

A condition of this Ntl is that the college continues to work with FEC team and DfE on the delivery of the priorities and actions set out in the Single Improvement Plan (SIP), alongside progressing the merger planned for the start of the next academic year.

### **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, and the local community.

### **Compliance**

If The SMB Group 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. This may include the use of further education statutory intervention powers as set out in section 56A of the Further and Higher Education Act 1992.

In all cases, the removal of the additional conditions will occur when The SMB Group 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**

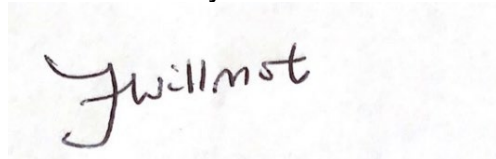
DfE will regularly review this Ntl with you. It is likely that the NTI will be revised, at least annually to ensure the terms and conditions remain relevant. DfE reserves the right to revise at any point should circumstances significantly change.

### **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 Ntl is being copied to Ofsted, your local authority, and the FE Commissioner.

Yours sincerely

A handwritten signature in black ink that reads "Fwillmot". The signature is written in a cursive style and is positioned above a light grey rectangular box.

Fiona Willmot  
Deputy Director, Central and South-West Place Based Team  
Regions and Providers

Cc:

Dawn Whitemore, Chief Executive and Principal

Shelagh Legrave, FE Commissioner

Jos Parsons, Ofsted

Jane Moore, Director of Children and Family Services, Leicestershire County Council

## **Schedule: Serious cashflow pressures identified - The SMB Group**

The DfE is issuing this updated Ntl as The SMB Group continues to be in intervention for Financial Health related to serious cashflow pressures. This schedule sets out the additional conditions relating to intervention action.

### **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 FEC (regularity to be confirmed by DfE).

### **Specific conditions**

1. The college must continue to work with DfE, ESFA and the FEC and her advisers to assess the college's capability and capacity to make the required changes and improvements. This will include supplying all necessary information to the FEC or her advisers as required.

2. The college must continue to provide regular updates on progress against its recovery plan. The plan should include risk analysis that encompasses contingency arrangements should any structural solutions fail to proceed. Alongside this, the college must provide updates on progress in meeting the FEC recommendations as outlined within the SIP.

DfE and the FE Commissioner will monitor progress against these plans to ensure that sufficient progress is being made and agreed milestones are being reached.

3. The college must attend regular meetings with FEC and DfE Place Based Team, these will include both stocktake reviews and case conferences.

Attendees should include, as a minimum, the Chair, Principal, CFO/Director of Finance and or another appropriate Governor to represent your corporation. The meetings will focus on the college's progression against the milestones of both the recovery plan and SIP, where the college will be expected to provide information to demonstrate proper oversight and timely implementation.

DfE will arrange these meetings, and your first point of contact is Paul Phillipson.

4. 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.

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 rolling 13-week short-

term cashflow forecast, reconciled to your bank, and a copy of management accounts by 20<sup>th</sup> of each month.

6. As a 'supervised college', the college will be subject to enhanced supervision. This means that DfE observers will attend the college board meetings, and the college should consult and inform the PBT and FEC on decisions that affect the long-term future of the college. These include, but not limited to:

- the appointment of senior staff
- significant financial commitments in excess of £30k (reported on a rolling 3-month forward look)
- significant asset disposals and/or developments
- any plans for structural change

The college should inform the PBT of any future financial commitments in excess of £30k by 20<sup>th</sup> each month on the provided template.

7. This Ntl 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 stocktake visits and recommendations. It will be formally reviewed with you, at least annually, to ensure it remains appropriate and current.

8. 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 DfE will take further action. This may include the use of further education statutory intervention powers as set out in section 56A of the Further and Higher Education Act 1992.

9. DfE will determine when the college has made sufficient progress for the NTI to be lifted. This will be when all cashflow pressures have been effectively managed, evidenced by a 2-year monthly cashflow. In addition, the college's financial health grade must be requires improvement or better for 12 months as evidenced by a finance record, signed off by external auditors. The removal of the additional conditions and intervention status will occur when The SMB Group receives a letter from DfE indicating that the additional conditions have been met.