# MANAGING FINANCIAL RISK IN THE SKILLS SECTOR

## A DISCUSSION DOCUMENT PREPARED BY PROMOTE-ED

Promote+Ed
Positive change

© Promote-Ed Limited - All rights reserved
Managing Financial Risk in the Skills Sector - A Discussion
Document by Promote-Ed

# Executive Summary

Promote-ed is an online forum of practitioners from within the Skills sector. With over 1,500 registered users, we are able to gather intelligence and confidentially analyse the impact of the Department for Education (DFE) and the Education and Skills Funding Agency (ESFA) Policy implementation across the sector.

Our aim is to influence change for good. We are not sponsored by anyone, our objectives and opinions are not influenced by stakeholders and we are not frightened to voice our opinions but these are presented to improve the operation of policy, systems and process.

Being the only true independent representative body for the sector, we have no fear of repercussions from the ESFA and others where there is a history of providers operating through fear. This in itself is not a healthy business environment and must in itself come to an end.

Whilst COVID can be blamed for many things, and recognising the need for strong accountability and transparency, it is vital that procurement processes are clear and most importantly they result in outcomes that have long term benefit to the sector and most importantly learners and where relevant employers.

This document is intended as a point of discussion for effectively Managing Financial Risk within the Skills Sector.

## Introduction

COVID has brought the need for Government to make procurement decisions quickly. In some cases, this has given rise to criticism and adverse publicity through an apparent failure to adequately consider appropriate procurement processes resulting in awards of contracts to organisations who have poor financial health and / or have only recently been established at Companies House.

The ESFA and DFE are rightly putting an increasing emphasis on financial health to manage risk in the sector to the extent that for the most recent tenders, financial health has become a PASS / FAIL binary judgement. Whilst no-one could argue about this principle, there are some significant flaws in their procedures which in our opinion put them open to significant legal challenge.

The assessments made by the ESFA of financial health have not changed for years – since then we have had a pandemic leading to financial strain on many businesses and a changing dynamic in terms of ownership structures of many providers both in this sector and outside the education sector.

The recent Public Accounts Committee (PAC) report commented strongly on the deteriorating financial health of the College sector and identified weakness in the processes adopted by the ESFA. However, lessons do not seem to have been learnt, and there does not seem to be any change to what in our opinion are 'flawed' processes. Whilst outside the scope of this document, the recent Notice of Improvement for Hull College, the third in the past five years and with over £50m invested into the organisation by the ESFA is a demonstration that intervention measures and in particular financial monitoring lack rigour.

**Risk ultimately sits where the ownership lies** – both in terms of decision making and the appetite for future funding of a business. This is where the failings of the existing mechanisms become stark.

Promote-ed is calling for the following urgent changes to the way in which the financial assessment of providers is undertaken:

1) It is unacceptable that providers can 'play the game' whilst within the rules of the Companies Acts to:

    a. Extend year ends
    b. Delay unnecessary the publication of accounts
    c. Hide the ownership of their companies from the reader of such accounts
    d. In the context of the impact of COVID-19 19, 'adjust' their accounts for 2020, e.g. accruing income from 2021, in a bid to hide the real impact of the virus on their business.

We are calling on the ESFA to require all providers to close their accounts within 4 months of the year end and consider setting the 31st July being the year end for all registered providers in the sector. It is a healthy discipline to conclude and file your accounts promptly (indeed many do but simply sit on them for 9 months).

2) The ESFA should impose with immediate effect an assessment that the financial health assessment should be undertaken on the ultimate holding company, not the trading company with the only exceptions being where there is substantive other trade

within the holding company – there are too many examples of where the debt in the training company has been stripped out into a TOPCO.

3) The current financial health criteria used – applying a historic profitability, solvency and gearing score is outdated and inadequate given some providers administer more than £50m of public funding.

4) The 'contract limits' – published by the ESFA but never historically enforced represent a strong discipline if driven from a strong process for assessing financial health. These limits should be published for each provider, together with their contract allocations each year to aide transparency, openness and the Nolan principles.

Furthermore and in the light of the findings of this document (and to prevent the risk of legal challenge to the ESFA)

5) The ESFA should urgently suspend the current Adult Education Budget (AEB) tendering process given the inadequacies of the financial assessment methodology and the total disconnect between financial health and contract award. Without such a review, the ESFA and Public Purse leaves itself open to legal challenge.

6) In the light of the findings from this report, the ESFA should radically change the manner in which its assessment of financial health is conducted for the forthcoming Register of Apprenticeship Training Providers (ROATP) refresh process, due to commence in May. This is particularly so in the context of which 'vehicle' or business is assessed for the purposes of financial health assessments and with a focus on ownership and structures.

7) The importance and process of reviewing financial health has never been so important – it's a kin to the financial fair play calculations undertaken in football where every one of the clubs accounts are assessed and challenged by a professional team at the English Premier League or English Football League. The ESFA should implement a robust process where financial health is reviewed by a team of professionals who understand the reading of accounts and indeed how easy it is for a determined provider to change the picture painted.

For a Government department, administering and allocating £bn's of funds each year and with the emphasis on reducing risk through improved financial health, the existing processes are not fit for purpose.

Promote-ed has significant evidence that the processes implemented by the ESFA are not administered by professionally qualified personnel. This puts the ESFA itself at risk of challenge and makes the process unfair and equitable.

Promote-ed wish to see positive change and above all a provider base that has strong finances and a transparent mechanism for all aspects of measuring financial health of providers and the sector as a whole. It is clear the current system and those administering it have failed in their diligence to this important task.

We seek the PAC to urgently review this important area of the ESFA work.

## ESFA Public Procurement beats Outcomes
## Examples of Flaws in the System

**AEB**

Early February saw the launch of the latest ESFA tendering process. Landing in peoples inboxes on a Saturday and with a relatively short submission date, there is up to £73m on offer, split between £7m for the adult offer and £66m for non-devolved AEB across England.

Whilst we all respect the need for following public procurement rules there would appear to be at first glance great opportunities for providers. Indeed,  in boxes were hot over that weekend and linked-in alive with people getting excited about the latest 'opportunity'.

Exactly the same was the case with the recent 19+ Traineeship tender. Whilst accurate data is not yet published, of the 400+ bidders acknowledged by the ESFA, certainly more than 60% were unsuccessful, whether through non-compliant tendering or simply not answering the questions appropriately in the eyes of the expert 'markers'.

Reports of many providers with no experience of Traineeships receiving significant contract awards and some doubling their turnover overnight give cause for concern. There is no issue with 'winners and losers' in any procurement exercise but it is clear that the Traineeship tender was flawed. Linked-in Is full of providers advertising for individuals to lead new Traineeship divisions and simply looking at the accounts of some of these providers on Companies House gives significant cause for concern.

Clearly there have been no lessons learned – we have almost exactly the same process for the AEB tender as the Traineeship tender – although whilst the amounts on offer are similar in terms of the quantum being bid for, we have a far more mature market place and hence there will be more bids, both in quantity and quality!.

That is a good thing, but only if you are a winner and in my eyes the process is driving everything – with little attention given to the desired outcomes. Wee might be naïve however and the,  outcomes have already been determined;

Less providers but no provider who is able to build a significant business from AEB in the future.

**Assessing Financial Health - The Process and its Importance**

The process for the assessment of the financial health of all providers in a publicly funded market place or indeed a privately funded market is common place and cannot be argued against.

It enables the contracting organisation to monitor and manage the risk profile of its contractors, to establish 'credit' worthiness and scores to limit the level of contracts issued and ultimate risk and also demonstrates a transparent mechanism for procurement that all potential contractors are treated consistently and fair – thus avoiding any challenge in the courts and respecting good practice procurement rules.

There is no argument with the above, combined with a package of other measures such as OFSTED results, monitoring reports, 'intelligence' and other relevant factors.

The process for assessing financial health within the ESFA funded sector is well established. For Schools there is a robust process with specific requirements on Trusts to file accounts and for assessments to be made of the accounts and financial health.

Similar processes apply to Colleges and there are exemptions for Colleges to some of the financial health monitoring mechanisms. Promote-ed does not object to this process – Schools and Colleges are funded by Grant and there are different requirements of them by statute.

The process for assessing financial health of providers is undertaken by the ESFA using a published criteria which results in:

- an overall score,
- a subsequent determination of the financial health category and
- specified limits on the level of contract that can be held arising from the financial health score and historical turnover.

Information received from promote-ed registered users would indicate that the review of the financial health category when a provider has submitted its accounts has become more common in the past two years – prior to that, the process was spasmodic and appeared to lack any form of rigour.

However, reports of inexperienced members of staff undertaking this fundamental piece of work from the ESFA are common place.

We do not understand why those financial health classifications for providers are not published, nor why the arising contract limits are also not published – this is a significant omission in terms of transparency. It does not breach any confidentiality because the accounts are published and in the public domain as the evidence contained in this report demonstrates.

The criteria used is based on the evaluation of historical financial statements – many of them published more than 9 months after the year end and in some notable examples further significant delays through the movement of a yearend or extension of the accounting period.

In itself, forming such an important assessment, based on such old data is fraught with risk, and whilst COVID cannot be blamed for everything – the resultant financial impact and health of the sector has changed during the past 12 months which will last for many years to come

It is therefore surprising and disappointing that the ESFA have decided not to significantly change or modify their financial assessments for the recent and current tendering processes and the forthcoming ROATP refresh given the impact of COVID and financial risk profile of the sector. We recommend this is done urgently and both the AEB and ROATP refresh processes are delayed until this process has been completed. Without such a review there is a high risk of legal challenge in relation to contract awards and the determination of the ROATP refresh.

**Flaws with the Current Process and Outcomes**

We have analysed a number of accounts that are in the public domain of providers as well as summarising the comments and discussions we have received from registered users of Promote-ed over the past few months. The number of calls received on this subject increase daily.

Our work has been revealing but not surprising. RISK will inevitably increase because of the impact of COVID but this is not a COVID issue – its is about strengthening the mechanism for assessing financial health as well as monitoring.

We are surprised that the ESFA have not modified their approach to reviewing financial health of providers – especially since when the provider relief scheme was established, the ESFA itself rejected many providers applications on the basis of them failing to provide accurate and appropriate financial information.

Providers are becoming more aware that the assessment of financial health is becoming more important. Traditionally, the filing of accounts was a process conducted well after the year end and the 'accounts were what they were' rather than being prepared to present the best possible position.

**Awareness of the Financial Health Assessment**

In the past three months, the most common question asked of the promote-ed team by registered users who are mainly private providers is – 'where can I find the financial assessment publication and how to I calculate my financial health.'

This is consistent with many of the questions being asked of the ESFA and published in both the current AEB tender and previous traineeship tender.

Whilst the ESFA have repeated in February information relevant to the ROATP refresh of the existence of the document which has remained unchanged for many years, there remains a gap in knowledge of providers in the sector.

**The Financial Health Assessment Criteria**

It goes without ssaying that having a criteria for assessing financial health and using it robustly and consistently is better than having nothing.

With that comment, the ESFA should be credited, But the criteria used is outdated, un-changed and ignores experience during that time.

The existing criteria is focussed on historical information to deliver a score against three measures – Profitability, Solvency and Gearing.

There is nothing wrong with the principles used but as we shall demonstrate using case studies from within the sector, that the criteria is not fit for purpose and disconnects in almost all cases, the financial health assessment and any resultant contract awards.

For example, with the current AEB contract – financial health is a binary judgement as part of the mandatory assessment of a provider. There is nothing wrong with that (assuming the financial health assessment is undertaken appropriately – see below) but there is then a total disconnect between any financial health assessment and contract award – That cannot be correct.

**Applying the Criteria delivering Very Different Results - Examples**

A financial health assessment is used to determine overall risk, health and influence contract award in public and private sector procurement – that is commonplace.

As such, the process and criteria used should be:

- As up to date a possible
- Adjusted to reflect past experiences
- Assess a range of criteria that are not inter-linked
- Provide an assessment of an organisation where ultimately the decision making, ownership and risk sits – the ultimate holding company.

We consider all of these in the context of the ESFA's processes in this document but here we consider the need to adjust criteria to reflect on past experiences and ensure results remain valid.

The ESFA criteria has not changed for at least 10 years as we know it. Since then, there has been some notable financial issues in the sector that have often gone un-detected by the ESFA both in the College and the PTP sector in relation to financial health and the impact of owners taking decisions which impact on the business sustainability. These include First4Skills, ESG, Learndirect in the PTP sector and Hull College and others in the College sector. The PAC report acknowledges that ESFA action has been at best tardy in some of the College financial health examples.

We have also seen a change in the ownership structures of providers during this time, the emergence of TOPCO's within these structures, the impact of COVID on financial health and a progressive move to remove contracts – particularly regarding Apprenticeships and the emergence of the DAS. All of this changes the risk profile for the ESFA.

Disappointingly, the criteria used to assess financial health has not changed at all during this period. Is this because there is a view that the process is robust or that the ESFA may not itself recognise the changing financial dynamic of the sector and the providers within it. It is hard to believe that the examples provided above have not warranted a move towards at least refining the criteria and / or scoring mechanism and to align more fully the financial health score and grade to the contract awards or the overall contract allocation for a provider – that in itself will reduce risk to the public purse.

A simple look at the criteria for anyone who understands the mechanism of a set of accounts will tell you that the three criteria the ESFA use – Profitability, Solvency and Gearing are INTER LINKED as illustrated below:

## Case Study A - Accruals of Income

Some but not all providers (including most of the large providers) accrue income into their accounts on the basis that the profile of income received lags behind the costs incurred in delivery. This is perfectly acceptable as an accounting principle but is not universally applied across the sector.

The impact of accruing income can be stark to the financial health scores as illustrated below:

Provider A

- The profit and loss account breaks even or records a small profit or loss but the provider does not accrue income as described above.
- The provider undertakes the financial assessment scores and scores:

  0 for profitability
  30 for solvency
  50 for gearing

- The provider scores 80 and therefore has an INADEQUATE financial health score
- The provider then decides to accrue £100,000 of income into its accounts at the year end:

  50 for profitability
  100 for solvency
  20 for gearing

- The provider scores 180 and has a GOOD financial health score

The provider has done nothing to change the financial health of its business – it has simply made an accrual of income resulting in ALL of the scores returning positive.

## Case Study B - Declaration of Dividends

A provider declares a dividend on the day of its year end and files its accounts. It would result in no change to it's profitability but it would reduce the share holder funds impacting on its gearing and increase its creditors – impacting on its solvency.

Provider B

- The Profit and loss account shows a profit of £30,000 (with positive reserves in the balance sheet) after declaring a dividend of £50,000 which is not un-common in the sector. This is undertaken on the day of the year end
- The provider undertakes the financial assessment scores as follows:

  0 for profitability because dividends are deducted from profits after tax
  20 for gearing because the shareholder reserves are reduced because of the impact of the dividend being declared

Creditors increasing by the value of the dividend impacting adversely on solvency scores – 50

- The provider scores 70 and therefore has an INADEQUATE financial health score
- The provider simply declares the dividend the day following the year end:

  60 for profitability
  80 for solvency
  100 for gearing

- The provider scores 240 and has an OUTSTANDING financial health score

Again, the provider has done nothing to change the financial health of its business – it has simply declared its dividend after the year end and not before.

## Case Study C - Capitalisation of Intangibles

Provider C is struggling to demonstrate a profit in its accounts and knows that it will score 0 for is profitability score, which will also impact adversely on its gearing score.

The SMT review what expenditure is contained in the profit and loss account which is able to be classified as research and development. The provider has been developing new curriculum, on-line learning and a VLE to support its learners and so they make the decision to capitalise this expenditure into an intangible asset.

The resultant impact is to increase the profitability score to 70 points and to increase the gearing score to 80 points, turning an INADEQUATE rated provider again into a provider now rated GOOD.

Furthermore, the benefit to the provider in future is that the write-off of the intangible asset and the cost associated with this which is charged to the Profit and Loss account in subsequent years in actually added back using the ESFA calculations so there is never a recognised 'charge' for this in the ESFA calculator.

Nothing has changed with the provider in terms of its underlying financial health but it has gone from INADEQUATE to GOOD with the stroke of a pen.

Theses three case studies – and there are many more demonstrate how the three criteria are totally interlinked – not surprising given for every DEBIT in accounting there has to be a corresponding CREDIT.

**These examples highlight the fundamental flaws with the current system of assessment.**

Of even greater concern is the lack of correlation with the financial health assessment and limits on contract awards.

The ESFA's own process and criteria provides for this but we cannot find any evidence that suggests this is used. Indeed, the most recent tender process DISCONNECTS the financial health assessment from the subsequent contract award – increasing risk and discrediting the financial health assessment in the first place.

To illustrate this for the current AEB process.

Provider D

- Has filed it's most recent accounts at 31st July 2019. The financial accounts show a SATISFACTORY financial health score on a turnover of £1.5m
- The provider passes the AEB financial health score – PASS
- The provider is a sub-contractor for existing AEB but doesn't hold a previous contract
- Provider D is successful in scoring 500 points by answering the three questions in the tender documents well.
- Provider D is allocated in Block 1 what it has bid for - £2m

So Provider D with only a SATISFACTORY financial health score now has £3.5 of turnover following the tender process but has grown by 125% instantly.

There is no process or criteria to link contract awards to financial health which increases financial risk to the public sector.

**Delays in Filing Financial Statements**

It is a common practice for companies, particularly where the financial results are poor to deliberately delay filing of their accounts as late as possible and indeed are prepared to pay the relatively small late filing penalties to avoid their accounts being in the public domain.

Whilst this is common practice, it does not make it right, particularly where the majority of a providers income comes from the public sector and where transparency and openness should be of equal importance. We are aware of providers from 2019 who has still not filed their accounts and some large providers where the filing of their accounts was over 12 months past the year end.

For listed companies – there are defined time-scales for filing of accounts and announcing results to avoid manipulation of the market and share price sensitivity issues and this equally applies to Schools, Trusts and Colleges.

Whilst providers are doing nothing illegal – it makes the process of assessment of financial health that more difficult and effective and penalises those providers who are operating both within the spirit and letter of the rules

The position is worse than simply filing accounts late. A simple examination of a small number of the larger providers recent filings with Companies House identifies that many of them, not unsurprisingly have taken on more debt during the past six months. For many, this has arisen after their proposed 31st July year ends and whilst there may be a note to the accounts in the form of a post balance sheet event note, or even a comment regarding going concern, the simple facts are that the accounts containing such indebtedness will not be in the public domain or with the ESFA much before April 2022.

We are therefore calling on the ESFA to require all providers to close their accounts within 4 months of the year end as a condition of funding. It is a healthy discipline to conclude and file your accounts promptly.

**Extending Year Ends**

Changing or extending a year end is another way of delaying the filing of accounts into the public domain. Whilst there will be be sometimes legitimate reasons under certain circumstances to change or extend a year end, it can present added risk.

Again, examination of Companies House for a selected number of providers in the sector from the existing ROATP register indicates this is more common place than you would expect.
Whilst we do not have the benefit of assessing whether such changes are reasonable or prudent, there is no doubt it reduces transparency and openness.

For this reason, we recommend the ESFA should consider setting the 31st July or another date being the year end for all registered providers in the sector.

**Holding Companies and TOPCOs**

The majority of providers on ROATP have simple company structures in terms of the visibility of trading, demonstrating in one set of accounts the true picture of profitability, solvency and external debt despite that this is reviewed historically and is not subject to the benefit of more up to date scrutiny where the financial position of a provider can change significantly – either positively or negatively.

The over-riding principle has to be that the entity where ultimately the ownership and risk sits should be the entity that is subject to the financial health assessment. This is illustrated at a basic level where dividends are deducted from profits (a common remuneration feature for owners and directors) in the ESFA assessment and cannot be argued as being anything other than reasonable.

The ESFA's own process allows for the review of parent accounts:

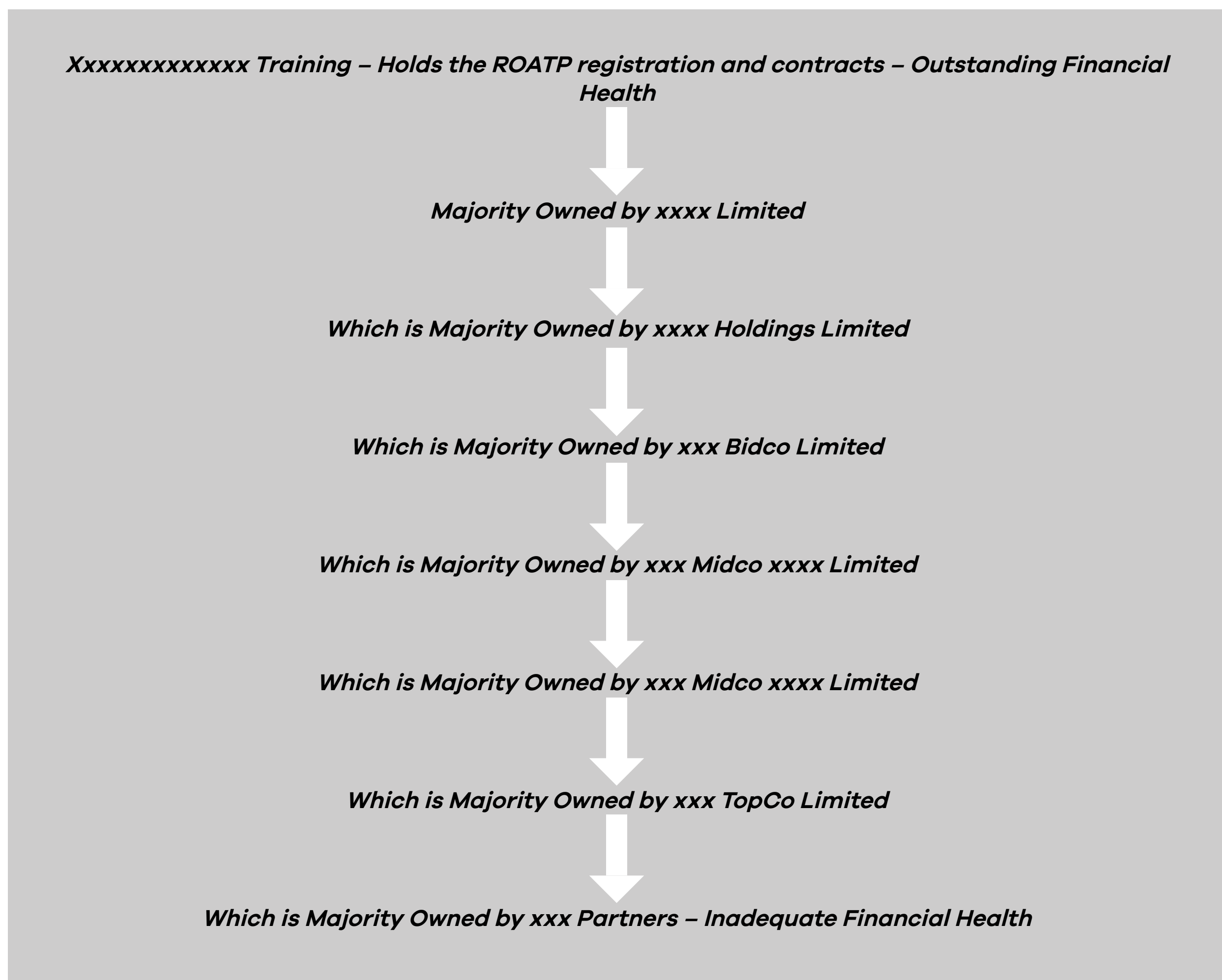
> ***4. Parent Companies***
> *18: If your organisation is part of a wider group of companies or is classed as a subsidiary, you must submit full financial statements for the ultimate UK parent company. You must also submit those of the contracting or applying organisation.*
> *19: If an organisation fails to submit its ultimate UK parent company accounts, this may result in the award of an 'Inadequate' grade.*
> *20: If your ultimate UK parent company does not produce consolidated accounts, you are required to supply the accounts for their non-dormant subsidiaries.*
> *21: If your ultimate parent company is registered outside of the UK, you must supply the full financial statements for your UK parent company.*

But as we shall demonstrate below, this is not always the case and the ESFA do not follow their own guidance.

There a numerous examples within the sector where the trading entity is assessed by the ESFA for the purposes of the financial health assessment and grading but where the decision making, share holding and ultimately where the risk sits in another company. (i.e. the Parent Company). These are mainly but not exclusively those providers controlled by private equity.

There are complex reasons for such structures, including tax planning, including off-shore sheltering where it could be argued this should not be allowed for organisations mainly administering Public funding.

However, our focus is whether the financial grading is appropriate in the context of risk management. Taking one provider alone from Companies House, and to protect their identity, the structure of the company is as follows:




Eight levels of ownership, all with the same year end and ultimately the ownership and risk sitting with the 8th Level of ownership. This is not the worst example by any means. There are examples of providers with 10 Levels of ownership.

Examination of the ultimate level of ownership shows INADEQUATE financial health.

Putting this into context, if the ESFA were to terminate its contracts or the ultimate owners decided not to support the business any further – it is this level, the 8th level of ownership that ultimately would make the decision and not the Training company where the financial health assessment is OUTSTANDING at face value.

## Case Study D - Analysis of a Sample of Large Provider Accounts with Turnover in excess of £10m (illustrative)

| | **Provider A** | **Provider B** | **Provider C** | **Provider D** | **Provider E** |
|---|---|---|---|---|---|
| Status | PE Owned | PE Owned | Privately Owned | PE Owned | Privately Owned |
| Latest Accounts | 31/07/2019 | 31/07/2019 | 31/12/2019 | 31/01/2020 | 31/03/2020 |
| Profitability Ratio | 60 | 100 | 60 | - | 30 |
| Liquidity Ratio | 100 | 100 | 80 | 100 | 100 |
| Gearing Ratio | 80 | 70 | 90 | 70 | 100 |
| Total Points | 240 | 270 | 230 | 170 | 230 |
| **Assessment** | **OUTSTANDING** | **OUTSTANDING** | **GOOD** | **SATISFACTORY** | **GOOD** |

### Ultimate Ownership Accounts

| | **Provider A** | **Provider B** | **Provider C** | **Provider D** | **Provider E** |
|---|---|---|---|---|---|
| Profitability Ratio | - | - | n/a | 100 | n/a |
| Liquidity Ratio | 60 | 70 | n/a | 100 | n/a |
| Gearing Ratio | - | - | n/a | - | n/a |
| Total Points | 60 | 70 | n/a | 200 | n/a |
| **Assessment** | **INADEQUATE** | **INADEQUATE** | **N/A** | **GOOD** | **N/A** |

This simple analysis alone should give cause for concern. Two providers, together administering more than £100m of public funding.

No-one is saying any rules have been broken by any of these providers. The problem lies in the assessment process conducted by the ESFA. The process does not rigidly examine where, within a business the risk ultimately rests and does not make an assessment at the appropriate level.

We therefore recommend the PAC review urgently and recommend to The ESFA radical changes to the manner in which its assessment of financial health is conducted for the forthcoming ROATP refresh process in the light of the findings from this report, particularly in the context of which 'vehicle' is assessed for the purposes of financial health assessments and with a focus on ownership and structures.

## Financial Health and Contract Limits

The existing financial health assessment criteria links financial health categories with contract turnover limits.

However, in our experience these have never been robustly applied by the ESFA and with the removal of contract allocations for Apprenticeships and Levy – almost £2.5bn of potential turnover per annum goes un-regulated using the existing mechanism where there is no link between financial health and overall turnover consumed within public sector funding.

The position appears to be getting worse. If we examine the current AEB tender process for which there is in excess of £70m available for allocation, there is a total disconnect between financial health scores and contract allocations.

Put simply, financial health is a PASS / FAIL mechanism and once past this hurdle, your financial health, turnover or indeed ownership structures bear no resemblance to any contract award.
The contract award results simply from the ability to answer 3 questions correctly, score 500 points in the marking scheme and be allocated into BLOCK 1 for contract award purposes.

So, a provider with only satisfactory financial health can get a bigger allocation than someone with outstanding financial health, simply because in the eyes of the markers they are better at answering the questions.

In reality, you can be a small provider with outstanding financial health (which is easier than larger businesses), answer the questions well and get an allocation of £1m or even £3m.

Finally, if the ESFA is serious about financial health and only contracting with the most robust providers, then it will be interesting to see how they examine the largest players. I have looked at the largest procured allocations across the market, consuming more than £30m of existing funding and reviewed their accounts – 30% of them, including two of the largest providers in the sector having an inadequate financial health rating If you look at the 'ownership' (parent accounts using the ESFA terminology) of the business and in essence where the decision making sits and where the risk lies, not with the trading entity.

We will be watching with interest how this is assessed.

We therefore recommend that the ESFA should The ESFA should urgently suspend the current AEB tendering process given the inadequacies of the financial assessment methodology and the total disconnect between financial health and contract award – without review, the ESFA and Public Purse leaves itself open to challenge.

We welcome the opportunity to discuss the findings of our report and its underlying data analysis with Ministers, Officials, The Press and other interested parties.

Our aim is to influence changes to the system of financial health assessment which will improve the control of Public Funding, Reduce risk and ensure Provider act within the spirit of the rules that are in place. Without changes to existing systems, the ESFA and Parliament places itself with increased risk to Legal challenge and ultimately resulting in Providers being unfairly treated.

© Promote-Ed Limited - All rights reserved

Promote+Ed

Positive change

www.promote-ed.co.uk
hello@promote-ed.co.uk