

## Financial Notice to Improve (“Notice”)

### Issued to St Mary’s Sixth Form College

UKPRN 10006226

on 27<sup>th</sup> February 2017.

1. This Notice is issued in accordance with clause 5.5.1 of the college’s Funding Agreement because St Mary’s Sixth Form College has been assessed as inadequate by the EFA for its **Financial Health** for the 2016/17 and next forecast year 2017/18. This position was confirmed to the EFA as agreed by the college, in submission of the college 2016-18 Financial Plan received by email 25<sup>th</sup> January 2017. The [16-19 Education Accountability Guidance](#) sets out that where a college’s financial health is graded as ‘inadequate’ for the either the previous, current or next forecast year it is deemed to be in financial failure, this will form the basis for issuing a Financial Notice to Improve.

2. This Notice sets out actions that constitute additional conditions of funding with which St Mary’s Sixth Form College is required to comply in order that provision can continue to be funded (subject to compliance with the entirety of the 2016/17 EFA Conditions of Funding, including these additional conditions) by the EFA.

3. The Interim Principal, as the current Accounting Officer of the college, or the Chair of the Corporation, should acknowledge receipt of this Notice in writing to me within five working days of the date of receipt of the Notice.

#### Action Required

4. The college shall:

a) Work with the EFA and the Sixth Form College Commissioner and his Advisers (names to be confirmed) to undertake a formal review of the college’s long term viability taking account of the recommendation of the Lancashire area-based review. This will include supplying all necessary information to the SFC Commissioner or his Advisers so an assessment can be made of the financial viability of the college including value for money appraisal.

b) Work with the Sixth Form College Adviser to carry out a short structures and prospects appraisal to identify options for a structural solution by the 28<sup>th</sup> April 2017, such as merger or academisation demonstrating options for the long term viability of the provision.

c) Prepare and share with the EFA a draft Action Plan, which should then be approved and finalised by the college Corporation after the EFA's comments have been received by the college, by no later than 27<sup>th</sup> March 2017.

The plan should demonstrate, in the EFA's assessment, that the proposed activity will secure the college's financial position until the end of the academic year 2017 to 2018. The plan should clearly indicate how the college intends to make sufficient cost savings to achieve this.

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

The plan should detail specific, time-bound activities that the college will undertake, and should include but not be limited to:

- detailed financial planning tables, including supplementary narrative to explain assumptions in the planning
- the outcomes of exploration into further staff savings for 2016/17 and 2017/18, which should include a thorough review of curriculum areas.
- student number projections and staff planning assumptions, and a detailed sensitivity analysis on these assumptions; for both in year savings and moving forward with a mind to any future structural solutions
- actions to implement savings you have identified, manage expenditure and maintain or increase income, including specific measurable objectives for how you will ensure financial sustainability until 31 July 2018
- governance and governor ownership and monitoring of the actions within the plan
- the management of any risks to the delivery and quality of education provision

The EFA will assess the plan and consider whether it is sufficiently robust. The EFA will subsequently monitor progress against the plan throughout the remainder of the academic year 2016 to 2017, and during the academic year 2017 to 2018, to ensure that sufficient progress is being made and agreed milestones are being reached.

d) Attend regular meetings with the EFA. Attendees should include, as a minimum, the Interim Principal, Director of Finance and Chair or other appropriate Governor to represent your Corporation. The meetings will focus on the college's progression against the milestones in the plan, where the college will be expected to provide information to demonstrate proper oversight and timely implementation of the plan, including updates on the progression of a structural solution.

The EFA will arrange these meetings and your first point of contact is [REDACTED], [REDACTED] or telephone [REDACTED]

e) Continue to undertake a regular review of potential cash flow requirements and the college is required to supply the EFA with monthly management accounts for review by 25<sup>th</sup> of each month which include a twelve month rolling cash flow along with narrative update reports.

5. This Notice may be revised and updated subsequent to the date of issue to reflect progress and/or any change in circumstances including, following the Sixth Form College Commissioners intervention and recommendations.

6. If, in the EFA'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 EFA will take further action.

7. The EFA will determine when the college has made sufficient progress for the Notice to be lifted. This will usually be when the college's financial health grade has improved from inadequate to at least satisfactory. If the college complies with the actions within the timescales set out the EFA will, normally, lift the Notice and confirm this in writing.

**NOTICE ISSUED BY:**

Paul Williamson  
Director, Northern England  
Education Funding Agency / Skills Funding Agency

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