



# Education & Skills Funding Agency

## Education and Skills Funding Agency

Sanctuary Buildings  
20 Great Smith Street  
London  
SW1P 3BT

18 December 2017

Gagan Mohindra  
Chair of Corporation  
Epping Forest College  
Borders Lane  
Loughton  
Essex  
IG10 3SA

Dear Gagan,

### Financial Health Notice to Improve

This letter and its schedule constitutes a Notice to Improve (NTI) in line with clauses within the Financial Memorandum and Funding Agreement between the Secretary of State for Education (DfE) acting through the Education and Skills Funding Agency (ESFA) on behalf of the Crown. This is in addition to the Notice of Concern and its associated schedules previously issued to **Epping Forest College**, as follows:

- **Schedule 1: Notice of Concern as a result of Ofsted Inadequate grading – Issued on 9 January 2017**
- **Schedule 2: Notice of Concern – FE Commissioner Administered Status and Recommendation – Issued on 21 March 2017**
- **Schedule 3: Notice of Concern for Apprenticeships (Minimum Standards) – Issued on 31 March 2017.**

It sets out additional conditions of funding that **Epping Forest College** is required to comply with in order that the ESFA can continue to fund the college. The conditions set out in the schedule of this NTI are in addition to the conditions of funding set out in the Financial Memorandum and Funding Agreement.

I am issuing this NTI, because **Epping Forest College** has been assessed as having **inadequate financial health** by the ESFA following a review of the college's 2016/17 – 2018/19 Financial Plan.

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

### Referral to the FE Commissioner

This NTI aligns with the Department's published policy, [Rigour and responsiveness in skills - GOV.UK](#) (April 2013). This NTI also brings **Epping Forest College** into

scope for referral to the FE Commissioner for consideration of an independent assessment of the college's capability and capacity to make the required changes and improvements within a reasonable period of time.

As the college has already previously been referred to the FE Commissioner, and the FE Commissioner's team has recently undertaken a stocktake visit in October 2017, they will contact you to confirm whether any further review is required as a result of this NTI. The ESFA reserve the right to vary the terms of the NTI to reflect any further recommendations made by the FE Commissioner. These recommendations would be included in an additional Schedule to this NTI.

Where a NTI has been issued, the ESFA may take it into account when determining any eligibility for growth funding and/or it may also affect your ability to be successful in tendering for other funds and other competitive tendering processes for new provision.

In addition, I am aware that the college is committed to a merger which will reflect the outcome of the Structure and Prospects Appraisal that has just commenced, this being a recommendation from the Essex Area Based Review. I recognise that this commitment will play a major part in the financial recovery plan.

### **Monitoring**

ESFA will closely monitor progress made towards meeting the additional 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 **Epping Forest College** does not comply with the additional conditions within the specified time period, ESFA will pursue one or more of a range of options outlined in, or incorporated into, the financial memorandum and funding agreement.

In all cases, the removal of the additional conditions will occur when **Epping Forest College** receives a letter from ESFA indicating that the additional obligations have been met.

### **Complaints**

If you consider that the ESFA has acted unreasonably or not followed a proper procedure in issuing the additional obligations, you can make a complaint under the procedure for dealing with complaints about the ESFA

<https://www.gov.uk/government/organisations/education-and-skills-funding-agency/about/complaints-procedure>

### **Publication**

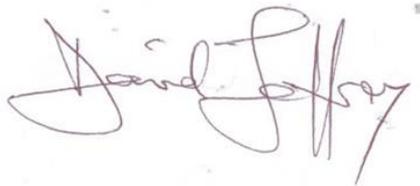
From 1 August 2017, and in accordance with the funding agreement, ESFA will be publishing all NTIs on Gov.uk

## **Action required**

Please acknowledge receipt of this letter and the schedule below by writing to me within 5 working days of the date of this letter.

This Notice is being copied to Ofsted, the FE Commissioner and the Director of Education in the Local Authority

Yours sincerely,

A handwritten signature in purple ink, appearing to read 'David Jeffrey', with a small registered trademark symbol (®) to the right.

**David Jeffrey**

**Deputy Director, Intervention (London and South East), ESFA**

cc:

**Saboohi Famili**, Principal & CEO

**Jos Parsons**, Ofsted

**Glen Chipp**, Chief Executive, Epping Forest District Council

**Richard Atkins**, FE Commissioner

## **Schedule 1: Inadequate Financial Health - Epping Forest College**

This schedule sets out the additional conditions relating to the improvement of the overall services. It has been issued because ESFA has assessed **Epping Forest College** as having inadequate financial health for the academic year 2016/17 following the ESFA review of the 2016/17-2018/19 Financial Plan submitted in July 2017.

### **Timescales**

The additional obligations outlined within this schedule must be addressed swiftly. If the FE Commissioner completes a further assessment, an additional schedule will be issued to confirm any additional conditions that are required.

In addition, where it is evident that sufficient improvement is not or cannot be achieved within the timescales specified, the ESFA reserves the right to take further action open to it at any point.

### **Monitoring and Progress**

You are required to prepare a comprehensive response to the schedule details to address the identified underperformance. This will be reviewed at case conference and monitoring meetings with the ESFA Intervention Team and potentially the FE Commissioner (regularity to be confirmed by the ESFA).

## Additional conditions

1. The college must work with the ESFA and the FE Commissioner and his advisers, in particular by playing a full and active part in a Structure and Prospects Appraisal to be led by the FE Commissioner's advisers. In light of the recent stocktake visit by the FE Commissioner's advisers in October 2017, the FE Commissioner will also determine whether or not it is necessary to undertake an independent assessment of the college's capability and capacity to make the required changes and improvements. If the FE Commissioner confirms that a further review is necessary, this might include supplying further information to the FE Commissioner or his Advisers so the assessment can be made.
2. The college has previously agreed to prepare and share with the ESFA a draft financial recovery plan by **Monday 18 December 2017**. This should then be approved and finalised by the college Corporation and sent to the ESFA by **Wednesday 24 January 2018**, having taken into account comments received from the ESFA. The plan must include specific, measurable, achievable, realistic and timely activities and milestones.

The plan should demonstrate, in the ESFA's assessment, that the proposed activity will secure the college's financial position. The plan should clearly indicate how the college intends to further generate income and make sufficient cost savings to achieve this financial recovery.

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 a supplementary narrative to explain assumptions in the planning
  - the outcomes of exploration into further staff savings for 2017/18 and 2018/19, 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
  - 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
  - risk analysis that encompasses contingency arrangements should any merger structural solutions fail to proceed.
3. The college should continue to undertake a regular review of potential cash flow requirements and the college is required to supply the ESFA 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.

4. The college will also be required to undertake the following actions relating to the planned merger:
  - (i) The college to agree a merger plan with their chosen merger partner, to achieve a merger by **1 August 2018**. This plan should be shared with the ESFA at a date to be confirmed, following the conclusion of the current Structure and Prospects Appraisal and the ESFA will monitor progress against this plan to ensure that sufficient progress is being made and agreed milestones are being reached. The surviving College, in this type B merger, should submit a merge B form to the ESFA immediately after the merger.
  - (ii) The Boards of **Epping Forest College** and the chosen merger partner to pass a resolution made by the respective Corporation boards to support a merger. A public announcement regarding the intention to merge must be made. Evidence of the resolution and public announcement/consultation to be provided to ESFA at a date to be confirmed, following the conclusion of the current Structure and Prospects Appraisal.
  - (iii) The college, in conjunction with the chosen merger partner **if relevant** must provide all materials required for a successful Restructuring Facility application in line with timescales set by the Transactions Unit to enable the college to merge by **1 August 2018**.
  - (iv) The college should work with the chosen merger partner to review curriculum planning practices and cost control measures with an objective to rationalise the quality and breadth of the curriculum offer across the merged college.
5. The college must attend regular meetings with the ESFA. Attendees should include, as a minimum, the Principal, Director of Finance and Chair or other appropriate Governors to represent your Corporation. The meetings will focus on ensuring that sufficient progress is being made on financial recovery and progress towards achieving the proposed **1 August 2018** merger date. The college will be expected to provide information to demonstrate proper oversight and timely implementation of the plan, including updates on the progression of the merger.
6. The ESFA and the FE Commissioner will monitor progress against the plan to ensure that sufficient progress is being made and agreed milestones are being reached. ESFA will arrange these meetings and your first point of contact is [Adesina.OKUBOYEJO@education.gov.uk](mailto:Adesina.OKUBOYEJO@education.gov.uk).

7. This Notice may be revised and updated subsequent to the date of issue to reflect progress and/or any change in circumstances.
8. If, in the ESFA's view, the college fails to take the necessary actions (in whole or part) within the timescales set out, or if evidence of progress is not appropriate or not available, the ESFA will take further action.
9. The ESFA will determine when the college has made sufficient progress for the Notice to be lifted. This will be lifted when **Epping Forest College** can demonstrate an improvement in Financial Health to at least **Satisfactory** as evidenced by an audited Finance Record for at least one year and at least Satisfactory Financial Health for a further one-year subject to assessment by ESFA. When the college complies with the actions within the timescales set out the ESFA will lift the Notice and confirm this in writing.