



Education & Skills  
Funding Agency

Education and Skills Funding Agency  
Agora, 4<sup>th</sup> Floor  
Cumberland Place  
Nottingham  
NG1 6HJ

Tel: 0370 000 2288

[www.education.gov.uk/efa-enquiry-form](http://www.education.gov.uk/efa-enquiry-form)

2 May 2018

Mr Mark Pendlington  
Chair of Corporation  
Easton and Otley College  
Bawburgh Road  
Easton  
Norwich  
Norfolk  
NR9 5GA

Dear Mark

### **Financial Health Notice to Improve**

This letter and its schedule constitute 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.

It sets out additional conditions of funding that Easton and Otley College is required to comply with in order that ESFA can continue to fund. 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 Easton and Otley College's Financial Record for 2016/17 has been assessed by ESFA as inadequate. Schedule 1 attached sets out the action required under this NTI to address inadequate Financial Health.

Together with this NTI the college will receive a separate NTI relating to Minimum Standards for 19+ Education and Training for 2016/17, (May 2018). This Financial NTI and the NTI for Minimum Standards are in addition to the pre-existing Notice of Concern for Quality (26 July 2017). The college has already been independently assessed by the FE Commissioner as a result of the NTI for quality, and the additional schedule with further recommendations was added in September 2017.

This Financial Notice to Improve aligns with the Department's published policy, *Rigour and Responsiveness in Skills* (April 2013) placing the college in scope for referral once again to the FE Commissioner. However, as the FE Commissioner and his team are already aware of these issues and working with the college in conjunction with the initial Notice of Concern of 2017, I will ask them to expand their existing remit to take into account these two latest notices rather than request further separate assessment.

Where a NTI has been issued, the ESFA will consider it 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.

### **Monitoring**

ESFA will closely monitor progress made towards meeting the additional conditions through the scheduled monthly case conferences already in place, and will work with you and wider agencies to secure the best outcome for learners, employers and the local community.

### **Compliance**

If Easton and Otley College does not comply with the additional conditions within the specified 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 Easton and Otley College receives a letter from ESFA indicating that the additional conditions have been met.

### **Complaints**

If you consider that ESFA 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 ESFA

<https://www.gov.uk/government/organisations/department-for-education/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 days working days of the date of this letter.

This NTI is being copied to Ofsted and the FE Commissioner.

Yours sincerely



Karen Riley  
Territorial Director  
Intervention Midlands and East  
Education and Skills Funding Agency

Copy to: Jane Townsend, Principal and CEO Easton and Otley College

**Financial Notice to Improve for 2016 to 2017 year – declaration for Easton and Otley College**

I confirm receipt of this letter and its associated schedule, and that I have read, understood and will comply with the additional contractual obligations contained within it.

**Signed:** .....

**Name:** **Mark Pendlington**

**Position:** **Chair of Corporation Easton and Otley College**

**Date:** .....

## **Schedule 1: Inadequate Financial Health - Easton and Otley College**

This schedule sets out the additional conditions relating to the improvement of the overall services. It has been issued following the review of the college's audited financial statements and finance record, after which it was concluded that the appropriate assessment grade for 2016/17 is 'inadequate'. In addition, following the review of the college's financial plan submitted in July 2017, we conclude that the college's underlying financial health grade is 'inadequate'.

### **Timescales**

The additional conditions outlined within this schedule must be addressed swiftly.

Compliance in respect of the additional conditions is key to securing the college's financial long-term sustainability.

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

### **Monitoring and Progress**

You are required to prepare a comprehensive response, in the form of a financial recovery plan to address the identified underperformance. This can be incorporated within the current College Recovery Strategy provided that it is clearly identifiable as your response to this Financial NTI. Your plan will be reviewed at monthly monitoring meetings with the ESFA Intervention Team and the FE Commissioner (regularity to be confirmed by ESFA).

1. The college must work with the ESFA, the FE Commissioner and his advisers to make the required changes and improvements, as they deem appropriate. This will include supplying all necessary information to carry out any further assessments.
2. The college must prepare and share with the ESFA the revised financial recovery plan within 4 weeks of the receipt of this letter. This should be finalised after ESFA's comments have been received by the college and then approved by the college Corporation at the next scheduled Board Meeting. The plan must include specific, measurable, achievable, realistic and timely activities and milestones.

The plan should demonstrate, in ESFA's assessment, that the proposed activity will secure the college's financial position. The plan should clearly specify how the college intends to make sufficient cost savings.

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 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

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.

3. The college must attend regular meetings with ESFA. Attendees should include, as a minimum, the 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 is expected to provide information to demonstrate proper oversight and timely implementation of the plan.

ESFA will arrange these meetings and your first point of contact is David Churchill supported by Annette Nott.

4. The college should continue to undertake a regular review of potential cash flow requirements and the college is required to supply 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.
5. This NTI may be revised and updated subsequent to the date of issue to reflect progress and/or any change in circumstances, including any further FE Commissioner interventions and recommendations.
6. If, in 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.
7. ESFA will determine when the college has made sufficient progress for the NTI to be lifted. This will be when the college's financial health grade has improved from inadequate to at least satisfactory, as evidenced by a financial record of satisfactory or better. When the college complies with the actions within the timescales set out ESFA will lift the NTI and confirm this in writing.