



Education & Skills
Funding Agency

Education and Skills Funding Agency
The Cube
123 Albion Street
Leeds
LS2 8ER

7 June 2019

Mr David Lambrick
Chair of Governors
Cheadle and Marple Sixth Form College
Cheadle Road
Cheadle Hulme
SK8 5HA

Dear David

Financial Health Notice to Improve

This letter and its schedules constitute a Notice to Improve (NTI) in line with clauses within the Funding Agreements 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 Cheadle and Marple Sixth Form 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 Funding Agreements.

I am issuing this NTI because information provided by the college indicates that there is, or in the foreseeable future there is likely to be, a risk to the solvency or financial viability of Cheadle and Marple Sixth Form College. 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, *College Oversight: Support and Intervention* (April 2019). This NTI also brings Cheadle and Marple Sixth Form College into scope for referral to the FE Commissioner for an independent assessment of the college's capability and capacity to make the required changes and improvements within a reasonable period of time. Once this assessment has been undertaken by the FE Commissioner, we reserve the right to vary the terms of the NTI to reflect any recommendations made by him. These recommendations would be included in an additional Schedule to this NTI. The FE Commissioner's office will contact you regarding the arrangements for the assessment.

Where a NTI is 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.

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, the local community.

Compliance

If Cheadle and Marple Sixth Form 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 funding agreements.

In all cases, the removal of the additional conditions will occur when the 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](#).

Publication

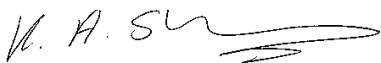
ESFA publishes all NTIs on .gov.uk

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 NTI is being copied to Ofsted, the FE Commissioner and to Stockport Metropolitan Council and the Greater Manchester Combined Authority.

Yours sincerely



Karen Sherry
Deputy Director, Intervention (North) ESFA

Cc:

Jenny Singleton, Principal

Jos Parsons, Ofsted

Chris McLoughlin, Director of Education, Stockport Metropolitan Borough Council

Eamonn Boylan, Greater Manchester Combined Authority

Richard Atkins, FE Commissioner

Schedule: Inadequate Financial Health Cheadle and Marple Sixth Form College

This schedule sets out the additional conditions relating to the improvement of the overall services. It has been issued because ESFA has assessed Cheadle and Marple Sixth Form College as having inadequate financial health.

The college 16-19 funding agreement for 2018/19 academic year states the following:

9.3 The COLLEGE must notify the ESFA in writing, within 1 working day, if, at any time, there is a risk to its solvency and viability or any transactions could jeopardise its solvency or financial viability. The ESFA may require the COLLEGE, within such time as the ESFA deems reasonable, to:

9.3.1 provide information to demonstrate to the ESFA's satisfaction the COLLEGE's ability to continue to meet the needs of Students and to discharge its responsibilities in relation to its solvency and safeguarding of assets, and

9.3.2 provide evidence of financial resources sufficient to enable it to continue to deliver the Provision, and

9.3.3 put in place a plan, through financial intervention processes, that will secure a recovery to a specified satisfactory financial position, in the view of the ESFA, and

9.3.4 carry out actions, as considered appropriate by the ESFA, including, but not limited to, a strategic options review and/or a financial recovery plan.

9.5 Where, in the ESFA's view, information obtained in respect of the COLLEGE, either as a result of an assessment undertaken by the ESFA in line with the approach set out in the Financial Planning Handbook or otherwise, indicates that there is, or in the foreseeable future there is likely to be, a risk to the solvency or financial viability of the COLLEGE, the ESFA may take such action as it deems appropriate, which may include, but is not limited to, requiring the COLLEGE to comply with additional conditions of funding.

Timescales

The additional conditions outlined within this schedule must be addressed swiftly. Once the FE Commissioner has completed his 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 EFA reserves the right to take further action open to it at any point. This could include (but not limited to) considering strategic options.

Monitoring and Progress

You are required to prepare a comprehensive response, in the form of an action plan to address the identified underperformance. This will be reviewed at case conference and monitoring meetings with the ESFA Intervention Team and the FE Commissioner (regularity to be confirmed by ESFA).

Specific conditions –

1. The college must work with ESFA and the FE Commissioner and his advisers (names to be confirmed) to undertake an independent assessment of the college's capability and capacity to make the required changes and improvements. This will include

supplying all necessary information to the FE Commissioner or his Advisers so the assessment can be made.

2. The college must prepare and share with ESFA a draft financial recovery plan which should then be approved and finalised by the college Corporation after ESFA's comments have been received by the college, by no later than 31 July 2019.

The plan should demonstrate, in ESFA's assessment, that the proposed activity will secure the college's financial position. 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, measurable, achievable, realistic and timely activities and milestones, and should cover 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 2019/20, 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

A revised financial plan which demonstrates the impact of the recovery plan on the financial health of the college 2019/20, 2020/21 and 2021/22 must be submitted along with the final recovery plan.

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.

4. 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 will be 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 Lisa Gallagher
Lisa.gallagher@education.gov.uk

5. 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 (inclusive of narrative update reports) for review by 25th of each month. The

college will also be required to complete a monthly cash flow template and the format of this will be provided by ESFA.

6. ESFA should attend governing body meetings and potentially committees in Supervised College Status until it is satisfied that there is sufficient oversight and challenge of the recovery plan or until the college achieves an improved financial assessment/other specific requirement.

7 This NTI 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 and recommendations.

8. 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 EFA will take further action.

9. ESFA will determine when the college has made sufficient progress for the NTI to be lifted. When the college complies with the actions within the timescales set out ESFA will lift the NTI and confirm this in writing.