



Education & Skills
Funding Agency

Education and Skills Funding Agency
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Great Smith Street
London SW1P 3BT

www.gov.uk/esfa

15 November 2019

Henry Ball
Chair
East Sussex College
Eastbourne Campus
Cross Levels Way
Eastbourne
BN21 2UF

Dear Henry

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 East Sussex College is required to comply with in order that ESFA can continue to fund. The conditions set out in the schedule(s) of this NTI are in addition to the conditions of funding set out in the Funding Agreements.

I am issuing this NTI because East Sussex College has been assessed as having inadequate financial health by the ESFA. East Sussex College is now in **formal intervention**.

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 East Sussex 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 East Sussex 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 East Sussex 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

Future Transition

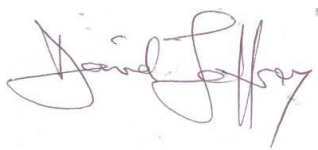
ESFA is currently reviewing and updating how and when it collects and assesses financial information from colleges. Should this lead to any changes in the terms and conditions of this Nti, ESFA will write and confirm this.

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, your local authority and the FE Commissioner.

Yours sincerely



David Jeffrey
Deputy Director, FE Territorial Team (London and South East) ESFA

Cc:

Clive Cooke (CEO)

David Smith (Chair Designate)

Jos Parsons, Ofsted

Stuart Gallimore, Director of Children's Services, East Sussex County Council

Richard Atkins (FE Commissioner)

Schedule 1: Inadequate Financial Health – East Sussex College

This schedule sets out the additional conditions relating to the improvement of the overall services. It has been issued because ESFA has assessed East Sussex College as having inadequate financial health in 2018/19 based on the three year financial plan submitted in July 2019.

Timescales

The additional conditions outlined within this schedule must be addressed swiftly. Once the FE Commissioner has completed his assessment, amendments may 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

All conditions 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 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 ESFA recognise that the college's financial recovery plan forms part of material already supplied as part of the conditions relating to the restructuring facility. These arrangements will continue and the college must make timely returns within the agreed timetable and respond promptly to any queries arising.

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.

3. The college should continue to undertake a regular review of potential cash flow requirements and the college is required to supply ESFA with a monthly cashflow template (the format to be provided by ESFA) and monthly management accounts, including narrative updates for review.
4. The college must attend regular meetings with ESFA. Attendees should include, as a minimum, the CEO and Chief Finance Officer; and the Chair or other appropriate Governor to represent your Corporation when appropriate. 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 Hannah Caldwell.

5. The ESFA reserves the right to procure a third party firm to undertake an Independent Business Review and that the college co-operates in full with this process
6. The ESFA reserves the right to request that the college procures and pays for an external independent review of its financial, management and governance control environment, with a duty of care to the ESFA and the scope of the work to be agreed with the ESFA.
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 ESFA will take further action.
9. 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 in 2018/19 to a sustained position that is assessed as being at least 'requires improvement'.

This will be demonstrated by a financial health grade of at least 'requires improvement' for two successive years, with no significant decline in financial health for the subsequent third year. The evidence for this will be drawn from audited financial statements and finance record for the first year and the latest financial reports for the second and third years (usually financial plan or equivalent forecast).

When the college complies with the actions within the timescales set out ESFA will lift the NTI and confirm this in writing.