



Education & Skills
Funding Agency

Education and Skills Funding Agency
20 Great Smith St
Westminster
London
SW1P 3BT

22 November 2019

Nick Deeming
Chair of Governors
Richmond upon Thames College
Egerton Road
Twickenham
TW2 7SW

Dear Nick

**Notice to Improve (Ntl) – Schedule 2 - Additional Conditions of Funding –
Financial Health**

This letter is issued 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 Richmond Upon Thames College is required to comply with in order that ESFA can continue to fund. The conditions set out here in the schedule (2) of this letter are: in addition to the conditions of funding set out in the Funding Agreements; and in addition to the conditions set out in Schedule 1 of the Notice of Improve issued to the college on 2nd October 2019. Therefore RUTC's Ntl now has two schedules to the Notice.

I am issuing these additional Conditions of Funding because Richmond Upon Thames College has been assessed as having inadequate financial health by ESFA for 18/19 and 19/20 based on the financial plan submission in October 2019.

The Schedule (2) attached sets out the additional conditions and actions required.

Monitoring

ESFA will monitor progress made towards meeting the additional conditions through the case conferences, and information submitted by the college, and will work with you and wider agencies to secure the best outcome for learners, employers, the local community.

Compliance

If Richmond Upon Thames 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 Richmond Upon Thames College receives a letter from ESFA stating that the Ntl, schedules and additional conditions have been met.

If you have any queries please contact your ESFA case manager Marcela Ashcroft Del Pino at marcela.ashcrofddelpino@education.gov.uk in the first instance.

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](#).

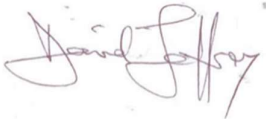
Action required

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

Yours sincerely

This NTI is being copied to Ofsted, the FE Commissioner, the college's local authority, and to the Office for Students.

Yours sincerely



David Jeffrey
Deputy Director

FE Directorate Territorial Team – London and South East

Cc:

Diane Diamond, Interim Principal and CEO - Diane.Diamond@rutc.ac.uk

Jos Parsons, Ofsted - jos.parsons@ofsted.gov.uk

Richard Atkins, FE Commissioner FEC.OPERATIONS@education.gov.uk

Paul Martin, Chief Executive Richmond Upon Thames Council -
paul.martin@richmondandwandsworth.gov.uk

Camilla Briault, OfS - camilla.briault@officeforstudents.org.uk

Additional Conditions of Funding: Schedule 2 - Inadequate Financial Health

This schedule (Schedule 2) sets out the additional conditions relating to the improvement of the overall services. It has been issued because ESFA has assessed Richmond Upon Thames College as having inadequate financial health.

- Adjusted current ratio and EBITDA scores of 0 in 18/19 and 19/20
- Cash days in hand below 15 for 18/19, 19/20 and 20/21

Monitoring and Progress

Conditions will be reviewed at case conference and monitoring meetings with the ESFA Intervention Team and, where appropriate, the FE Commissioner. The ESFA will confirm the regularity of the meetings.

Specific conditions

1. The college must prepare a financial recovery plan which is approved by the college Corporation. This plan should align with the current FEC action plan and the college's estates and curriculum plans. The draft plan should be shared with the ESFA, with the final recovery plan, approved by the corporation and submitted to the ESFA by 31st January 2020.

The plan should demonstrate, that the proposed actions will secure the college's financial position and should detail measurable, achievable, realistic and timely measures and milestones. It should address issues raised by the FEC team including:

- detailed financial planning tables, including supplementary narrative to explain assumptions
 - staff savings plans for 2019/20 and 2020/21, which should include a thorough review of curriculum areas.
 - student number projections and staff planning assumptions, and a detailed sensitivity analysis on these assumptions
 - actions to implement savings you identify, 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
2. The college must submit the following financial information by 25th of each month:
 - a. Management Accounts to include:
 - I&E – including variance on budget to current forecast YTD and full year outturn
 - Narrative on key changes between YTD and full year budget and current forecast
 - Balance sheet

- Indirect cashflow
- b. Updated rolling cash flow statement – split operations and redevelopment
- c. Updated redevelopment project cash flow (preferably in accessible version of Excel) and supporting narrative on project issues arising in the month
- d. Update on pay and non-pay cost saving programmes
- e. Update on steps being taken to deal with future forecast cash deficits

ESFA 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 will be expected to provide information that demonstrate effective oversight and timely implementation of the plan.

ESFA will arrange these meetings and your first point of contact is Marcela Ashcroft Del Pino at marcela.ashcroftdelpino@education.gov.uk

4. The ESFA reserves the right to attend Governing Body meetings as an observer including committees, to assure itself there is sufficient oversight and challenge. The college must provide the ESFA with the schedule of meetings and papers for all Corporation and committee meetings.
5. This NTI may be revised and updated subsequent to the date of issue to reflect progress and/or any change in circumstances.
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 EFA will take further action.
7. The ESFA will determine when the college has made sufficient progress for the NTI and additional conditions of funding to be lifted. This will be when the college's financial health grade has improved from inadequate to at least requires improvement for the period of at least 2 years evidenced by a revised financial plan and financial record, endorsed by the governing body. When the college complies with the actions within the timescales set out the ESFA will lift the NTI or one of its schedules and confirm this in writing.