



Education & Skills
Funding Agency

Education and Skills Funding Agency

15 January 2020

Geraint Davies
Chair of Corporation
Southampton City College
St Mary Street
Southampton SO14 1AR

Sent via email – addressed to Geraint.Davies@mt.ey.com

Dear Geraint

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 Southampton City 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 re-issuing this NTI (originally sent to the college on 7 December 2016), following review, to reflect the updated policies, processes and requirements placed on colleges that fail the ESFA's financial health assessment. Southampton City College is still classed as being in **formal intervention**.

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

Local Provision Review

A Local Provision Review was carried out, led by the Further Education Commissioner, in the Spring and Summer of 2019, alongside an Independent Business Review, carried out by Deloitte. A condition of this NTI is that the college continues to work with the ESFA on finding a solution to the on-going challenge of inadequate financial health which is facing the college.

Monitoring

ESFA will continue to closely monitor progress made towards meeting these 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 Southampton City 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 Southampton City 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

Reviews

ESFA will regularly review this NTI with you. It is likely that the NTI will be re-issued, at least annually to ensure the terms and conditions remain relevant. ESFA reserves the right to reissue at any point should circumstances significantly change.

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



Paul Lucken

Deputy Director, Intervention (South West and South), ESFA

Cc:

Sarah Stannard, Chief Executive / Principal

Jos Parsons, Ofsted

Hilary Brooks, Service Director, Children & Families, Southampton City Council

FE Commissioner

Schedule: Inadequate Financial Health – Southampton City College

This schedule sets out the additional conditions relating to the improvement of the overall services. It has been issued because ESFA has assessed Southampton City College as having inadequate financial health and is in receipt of EF. EF drawdowns are subject to the College progressing towards a long-term financial solution that does not require ongoing emergency funding and demonstrating that costs are being minimised. Payments commenced in July 2019. The EF will enable the College to continue to operate during 2019/20.

Timescales

The additional conditions outlined within this schedule must be addressed swiftly. 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, PMO and the FE Commissioner.

Specific conditions

1. The college must continue to work with ESFA and the FE Commissioner and his advisers, this will include supplying all necessary information to the FE Commissioner or his Advisers to support the ongoing work around progressing towards a long-term financial solution that does not require ongoing emergency funding.
2. The college must continue to work with the FE Commissioner and his advisers to identify options for a structural solution.
3. Option for sustainability concerns: The ESFA reserves the right to procure a third party firm to undertake further work as part of an Independent Business Review and that the college co-operates in full with this process.
4. Option for poor financial controls: 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.
5. The college must continue to 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 finance, cashflow, quality improvement and progress in finding a long-term financial solution that does not require ongoing emergency funding. The ESFA will arrange these meetings and your first point of contact is Caroline Pover.

6. 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 management accounts and a cashflow template in the format provided by ESFA.
7. This NTI may be revised and updated subsequent to the date of issue to reflect progress and/or any change in circumstances. It will be formally reviewed with you, at least annually, to ensure it remains appropriate and current.
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. The ESFA will determine when the college has made sufficient progress for the NTI to be lifted; as a minimum the college must achieve a Requires Improvement FH grade and show that it is forecasting to sustain that grade via the college's financial plan.